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Political Corruption: Accountability And Party System Institutionalization

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POLITICAL CORRUPTION: ACCOUNTABILITY AND PARTY SYSTEM
INSTITUTIONALIZATION

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Dedication

For my family and friends, for teaching me to see through the eyes of those who did not have the opportunities I have had; for teaching me to avoid speaking on their behalf (like many people claim they do), but to work hard to give them a voice, so that they can accomplish it as well.

Para mi familia y amigos por enseñarme a ver a través de los ojos de aquellos que no han tenido las oportunidades que yo he tenido; por enseñarme a evitar hablar por ellos (como muchos dicen que hacen), pero trabajar duro para darles una voz para que puedan hacerlo por sí mismos.

POLITICAL CORRUPTION: ACCOUNTABILITY AND PARTY SYSTEM
INSTITUTIONALIZATION

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SUSAN ACHURY

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Abstract

Providing a definition built on the agency relationship between voters and public officials, this study presents an institutional approach to the causes of political corruption. I argue that higher levels of political party institutionalization reduce political corruption. Institutionalized political party systems help to overcome collective problems among voters within democracies. By increasing levels of accountability, institutionalized political party systems alter public officials' incentives towards a cleaner exercise of the public power. Focusing on different strategies adopted by political parties, I analyze the effectiveness of the constraints imposed on public officials' corrupt behavior within democracies. On the one hand, institutionalization of political party systems increases the incentives for political parties to monitor public officials' performance due to their need to create and protect brand-name capital. On the other hand, institutionalization of the political party systems, by supplying low cost information, allows the constituencies to exercise retrospective and prospective voting, strengthen credible commitments in sanctioning abuses in the public officials' use of power. Characterization of the party system in terms of institutionalization demonstrates how having a democratic system does not ensure effectiveness of political controls against political corruption. The analysis provides a quantitative analysis based on a cross-national sample of eighteen Latin American countries, and a qualitative analysis of the causal relationship in Colombia.

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Introduction: Political Corruption as a Democratic Disease

“If citizens could wave a magic wand to eliminate corruption from just one institution, more would choose to clean up political parties than any other institution.”

Transparency International, *The Global Corruption Report 2004*, 12

After 12 hours of intense debate, in November 30, 2004, the plenary of the National Congress of Colombia passed the constitutional amendment allowing immediate presidential reelection with 115 of 130 votes in favor. After alternative legal mechanisms to implement the reelection provision had failed, including a referendum in 2003, and the first legislative proposal,¹ this controversial second attempt finally enable the legal candidacy of President Alvaro Uribe, who was reelected for the period 2006-2010. The government lobbied the legislature intensively to influence the votes of different political parties.² The constitutional reform required special majorities to be enacted. Promoted by the new political force, yet not a fully a political party and supported on the popular support of President Uribe, the lobby for his reelection focused on congressmen from traditional political parties that were not strictly part of the governing *Partido de la Unidad Democratica (U party)*. However, as the *Yidispolitics*³ reveals in 2008, lobby in congress includes offers of bribes not only in money but also in favors within regional bureaucracies. The final decisions of some member of congress were made based on this illegal bribes. Yidis Medina, member of the conservative party, publically admitted that she received bribes in exchange for her vote in favor of the reelection reform. Medina's confession simultaneously includes accusations against central Ministers of President Uribe: Sabas Pretelt de la Vega, Interior and Justice Minister and Diego Palacios, Social Welfare Minister.

¹ In June 2003, a proposal for constitutional amendment presented by 41 congressmen to allow immediate presidential election was rejected in the first debate at the Congress, after the referendum the initiative. For more information related to the approval of the Constitutional amendment No. 2 of 2004 (Acto legislativo 02 de 2004) see Gloria Isabel Quintero Pérez (2003).

² The second proposal of the constitutional amendment was presented with the support of 104 of 268 congressmen. This proposal was elaborated under the direct influence of the executive.

³ This name was created by the national media to refer to the scandal that followed the declarations made by the politician Yidis Medina in which she admitted to have received bribes in exchange for her vote in favor of the reelection proposal.

The analysis of the *Yidispolitics* case in Colombia reveals a global puzzle. The increase in the number of democracies worldwide paired simultaneously with an increase of political corruption denotes significant implications for the economic and political development. This study aims to contribute to the discussion of the roles played by democratic institutions, judicial and political, controlling political corruption. Particularly, this study explores the impacts of PPSI on the effectiveness of political controls of corruption, by modeling its effects on the psychological and structural rationale of public officials. Public officials consistently adapt their behavior and strategies to the political setting imposed by the level of PPSI. Under lower levels of institutionalization, political officials are more likely to be corrupt, as their calculations exclude the potential political sanctions imposed by the electorate in the exercise of retrospective voting and other democratic controls such as judiciary. Therefore, this study focuses on the analysis of how PPSI impacts the level of political corruption.

1.1. The Puzzle

Political corruption is deemed a complex and contentious issue in the field of comparative politics. Debates in the definitions of corruption, and its causes and consequences have been at the center of multiple studies during the last 30 years. Divergence among disciplines such as political science, economics, and sociology, have produced disjointed approaches to the mechanisms of political corruption in democratic systems. Subsequently, most studies of the causal processes of corruption have inherently limited explanatory power, due to limitations for endogeneity in describing multiple mechanisms in which political corruption interact to democratic and economic development. Philp (1997) suggests that the analytical complexities of corruption studies as a consequence of the intimate connection that exists between what it is corruption and how we understand politics. Differences among social and historical parameters that define what is allowed in the exercise of power within each society, account for divergences within the definition of corruption. Indeed, difficulties to develop comprehensive theories of corruption is a consequence of the lack of consensus defining corruption and

the lack of acknowledgement of corruption as a social construction, accounting greatly for the inconsistencies found in cross-national analyses of corruption.

In the puzzle explored in this study, political corruption is driven principally by the lack/weakness of political accountability and competition—as formal conditions of democratic system included across different conceptualization and measurements. Existing studies based on the impact of democracy as a factor that decreases the likelihood of corruption are inconclusive. This study expands the analysis of democratic institutions and corruption by emphasizing rationality behind political parties, politicians, and voters' behaviors. Specifically, this analysis identifies the mechanisms by which low cost information and effective monitoring of the opposition offered by political parties under institutionalized political party systems modify the levels of efficiency in controlling corruption, by strengthening accountability of politicians to voters in the agency relationship between voters and public officials within democratic systems. Evaluating the political setting in terms of the level of political party system institutionalization, this study analyzes why political parties are more willing to provide low cost information to voters and to monitor public officials. In doing so, voters acting as principals of elected public officials are more likely to use retrospective voting and sanction political corruption. This in turn constrains corrupt behavior. By altering the incentive system of elected public officials, institutionalized political party systems are more successful in controlling political corruption. The argument developed in this analysis suggests that levels of PPSI plays an independent and significant role in explaining different levels of political corruption among democracies.

1.2. Definition of Political Corruption

Before 1990, scholarship on corruption centered on the discussion regarding its conceptualization. Generally, corruption is defined as “the abuse of public power for private gain” (World Bank 1997, 102). However, the specification of what is considered an ‘abuse’ remains open in the definition as it depends on the national proscription of lawful behaviors, inconsistent across legal systems. Likewise, if

the definition of abuse is limited to illegal corrupt acts, replacing it with other considerations -such as violation of the public interest- then similar problems will arise, as the notion of public interest, widely used in national legal framework, is also highly malleable. While this broad definition is generally used in the literature, misspecification is a plausible explanation for the inconclusiveness in prior studies. This discussion is presented in Chapter 2.

Notwithstanding the obstacles in the conceptualization of corruption, this study will focus on a subset of this behavior classified as ‘political corruption.’ Aiming to explain whether or not PPSI has an impact on this phenomenon and following the path of contemporary discussions in which the interrelations between democracy, economic development, and corruption arise, this study advances the research agenda by identifying the nexus between the democratic structures of representation, political accountability and competition with political corruption. Using PPSI as an analytical feature of democratic regimes, I argue that the political setting in which electoral competitions is played determines the extent to which political corruption is more likely. By focusing on PPSI, this research takes into account the social construction processes in which a society determines what is corruption, incorporating the inherent dynamics of what Philp (1997) identified as the intimate connection between corruption and the political setting of a society in a certain point of time. Therefore, even if political corruption is considered a personal option of the elected public official, in which morality may play a significant role defining the likelihood of the behavior, I argue that levels of PPSI introduces incentives that make the use of corruption a rational choice, by shaping the political setting both in the electoral competition and levels of political accountability.

Thus, two analytical points are introduced in the conceptualization of corruption: 1) the condition of illegality of the act and 2) the qualification of the subjects involved in the conduct. This study defines

corruption as a behavior that involves the breaking of law,⁴ by an elected public official. It is certainly true that in functioning democratic systems, unlawful corruption is not only easier to discover, but also more likely to be subjected to political control. In the case of the latter, it is possible to assume that unlawful expressions of corruption by elected public officials are easier to be punishable by their voters as natural principals of elected public officials. This specific type of political corruption is rampant in a significant number of democracies, especially in Latin America as a region. Thus, in order to identify causal mechanisms of political corruption, I limited the scope of the widely used definition of corruption to the violation to the system of law.

Second, this study focuses on the corruption committed by elected public officials. To provide insights into what are the failures or success of democratic institutions in controlling political corruption, it is necessary to assess specific characteristics of the political regime that may shape the behavior of political actors. By focusing on the literature political corruption,⁵ this study allows to distinguish mechanisms in which levels of PPSI affect the public elected officials' calculations specifically. Moreover, such narrowed scope helps to identify the efficacy of specific democratic institutions to impose political controls to corrupt behavior because it allows to frame the puzzle in terms of the concept of electoral competition and political accountability.

According to the definition provide by Transparency International, political corruption is “the abuse of entrusted power by political leaders for private gain, with the objective of increasing power or

⁴ Relevant literature argues that conceptualization of corruption as an illegal action fails to accurately describe the phenomenon at both extremes of the spectrum. While legal actions such as the pork-barrel legislation, nepotism, and legal patronage may be beyond the legal sanction (Underkuffler 2009), other illegal conducts are not equally perceived as corruption given the divergence in terms of the political consensus of what is allowed or the impact of the corrupt behavior for the economic or political structure. Notwithstanding these arguments, in this study corruption refers to unlawful acts to resolve a major puzzle in the study of democracies: why do voters re-elect corrupt politicians? In other words, why do voters fail to sanction corruption even in the scenarios in which those corrupt behavior are well known?

⁵ Different models proposed In this regard, the construction of typologies of corruption as suggested by Rose-Ackerman, allows the distinction between grand and petty corruption as well as political or bureaucratic corruption that render different postures and approach in the literature aiming to identify causal mechanisms and its effects. According to the transparency International Plain Language Guide: Grand corruption refers to acts committed at a high level of government that distort policies or the central functioning of the state, enabling leaders to benefit at the expense of the public good. Petty corruption refers to everyday abuse of entrusted power by low- and mid-level public officials in their interactions with ordinary citizens.

wealth” (Transparency International, 2004:10). Although, this definition is widely used, in order to better incorporate the agent relationship inherent in democratic systems, this research defines *political corruption* as *any unlawful transaction by elected public officials in the exercise of public functions to obtain or generate an extra benefit from the public⁶ for the sake of their own gain.*

1.3. Trends of Political Corruption in Latin America

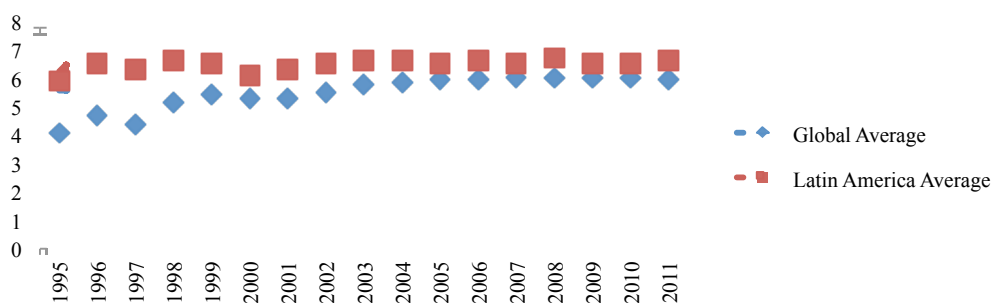
Measurements of corruption in Latin America reported annually by the World Bank and Transparency International indicate an imperative need for research on corruption as an endemic and substantial threat to democracy and economic performance in the region. Corruption affects all Latin American countries; however its extent and depth vary considerably. For example, Uruguay and Chile are ranked by Transparency International in the top 20 *cleanest* countries, while on the contrary, Venezuela is at the bottom of the mentioned rank. In the regional scenario, major scandals of political corruption populate the media and are perceived as a concern of citizens:

“illegal campaign funds, and expenditures: presidents bribing members of congress for their votes: the illegal sale of arms by top government and military officials: multimillion-dollars graft, fraud, kickbacks, and bribes involving government contracts, state concessions, and the privatization of state –owned enterprises: judges selling verdicts: law enforcement officials working or protecting drug traffickers or engaged directly in kidnapping and theft: drug traffickers running their operations from prison or even walking free at will” (Morris and Blake 2009, 1).

Generalized political corruption in Latin American countries have permeated the vital democratic institutions perversely: executive, legislative, and judicial branches, amalgamated in complex relationships with the objective to circumvent institutional controls to abuse of the political power entrusted. Regional trends in political corruption must be presented in its intertwined dimensions of reality and perception. Given the difficulties to construct an accurate measurement of political corruption, its real extent across countries remains uncertain. Data based on perception of corruption must be interpreted in context. First, perceptions of corruption may vary with the extent of one’s exposure of corruption. Therefore, the data available based on perception reflects the extent of the

⁶ This definition of political corruption borrows from a principal –agent model of corruption (Groenendijk 1997) and the market-centered definitions (Van Klaveren cited by Heidenheimer and Johnston 2009).

political corruption only partially. Certainly, perception of political corruption is heavily driven by bribery as one dimension of the phenomenon while other types of political corruption are excluded. While bribery is a suitable proxy to the actual level of corruption, as it is the most salient manifestation of corruption, equally proscribed in most legal framework of democratic countries, others forms of corruption that vary from extortion, cronyism, nepotism and patronage are omitted. Also, the perception of corruption echoed other political phenomenon than corruption.⁷ Although, this measurements only represent the extent to which people perceive the strength of institutions in controlling corruption, while the real extension of the phenomenon is unknown, due to their inherent secrecy. Jointly, the analysis of both measurements unveils a major challenge to the region. The 2012 Latin America Corruption Survey conducted by the U.S. law firms Miller & Chevalier Chartered (Miller & Chevalier) and Matteson Ellis Law partnering with 12 Latin American law firms reports an increase in the payment of bribes as a specific type of corruption between 2008 and 2012 of 6 percent.⁸ Accordingly, the 2012 Transparency International’s Corruption Perception Index (CPI), depicted in Figure 1.1 found that perceptions of corruption in Latin American countries⁹ are in average higher than the global average and stagnated around 6.5 during the period of 1980 to 2005 (Rehren 2007, 48).



Source: Transparency International (1995-2011)

Figure 1.1: Regional Comparison of the Corruption Perception Index.

⁷ Those measurements are calculated using surveys of experts and businessmen.

⁸ The question in the survey ask: “In the country in which you work, are you aware of any company, individual, or government official being prosecuted for making or receiving an improper payment, gift, or other benefit related to obtaining business?” Among the fourteen Latin American countries were included in the 2012 survey on average 75 percent of the respondents who said they were aware of a company, individual, or government official being prosecuted for making or receiving an improper payment, gift, or other benefit (see Latin America Corruption Survey, 2010).

⁹ I reversed the original scale from “1” to “10” in which “1” is the most corrupt and “10” is the least corrupt, to “1” to “10” in which “1” is the least corrupt and “10” is the most corrupt. The average of Latin American corruption in the original scale is 2.79.

By examining current Latin American stagnating levels of corruption in comparison to regional democratization processes it is possible to show the differences between the corruption's mechanisms working at autocracies and democracies. Corruption have survived democratic transitions and different levels of democratic consolidation. Contrary to some theoretical expectations, regional democratization during the 1980 did not reduce levels of political corruption -instead corrupt political actors adapted their behaviors designing new mechanisms to operate under democratic institutions (Blake and Morris 2009). As a consequence, to explain the success of democratic institutions in controlling political corruption in some democracies but not in others, it is necessary to look into the specific incentives that within democratic regimes, foster vertical accountability mechanisms -particularly the impact of PPSI on the political setting, influencing both, voters and elected public officials behaviors. Moreover, it is necessary to identify how vertical and horizontal accountability systems in a society reinforced each other, increasing effectiveness of political control of corruption. Finally, the major challenge to democracies in Latin America is precisely the fact that democracy adapts and survives high levels of corruption threatening the consolidation of the democratization process itself and limiting the expected economic and social benefits of the implementation of this political regime.

1.4. Trends of Political Party System Institutionalization in Latin America

Sartori, in his seminal work *Parties and Party Systems: A Framework for Analysis* (1976), identifies two dimensions of political party system analysis: polarization and fragmentation. Political party system polarization refers to the ideological distance among political parties within a system and differences in their constituencies. Political party system fragmentation refers to the effective number of political parties available within a system (Payne, Zovatto and Díaz 2007, 149). However, Latin American political party systems seems to respond to different dynamics. Mainwaring and Scully (1995) developed instead the concept of political party system institutionalization, using four conditions to assess the political behavior of relevant democratic actors: stable patterns of interparty competition, stable and deep party roots in society, legitimacy of party and elections, and solid party structures. In sum, political party system institutionalization (PPSI) refers to the stability and legitimacy of political

parties within a system. Those characteristics imply strong and disciplined political parties that enhance political competitiveness and accountability. In line with the latter, this thesis focuses on the institutionalization of political party systems, in order to assess whether or not variance in this aspect of the democratic regime has an effect on political corruption. Taking into account that the literature have identified that PPSI determines general conditions for the electoral competition and has a significant impact on the strategies adopted by the different actors of the political system I explore the mechanism in which PPSI creates incentives to public officials to act corruptly. For example, in instable political party systems, political parties are less likely to design long-term horizons instead, political parties face the electoral competition focused on popular concerns ease to campaign, although lacking ideological support. Crucial consequences derive from this differentiation in terms of the expected cost and benefits of corruption for these agents.. When political strategies promote long-term horizons, reputation and coherence between the political cues used within a political campaign matter. On the contrary, electoral competition focuses on political opportunism is more prone to attribute higher benefits and lower costs to the use of corruption, as it makes political and judiciary sanctioning more uncertain.

Mainwaring and Scully (1995) assessed the levels of political party system institutionalization across Latin American countries in the early 1990's. Venezuela, Costa Rica, Chile, Uruguay, Colombia had highly institutionalized political party systems, whereas Bolivia, Brazil, Peru, and Ecuador were examples of inchoate party systems (Mainwaring and Scully, 1995). A third category embraced Latin American countries that experience hegemonic party system transition such as Mexico and Paraguay (Mainwaring and Scully, 1995; 20). In 2005 Payne, Zovatto and Díaz (2007: 174) measured the PPSI, reporting some significant changes across Latin American countries. Considering this variance, the authors develop a new level-based classification as follows: first, a highly institutionalized category include countries such as Uruguay, Mexico, Chile, Honduras and El Salvador. The second category of moderately institutionalized political party system includes Costa Rica, Panama, Paraguay, Venezuela,

Argentina and Nicaragua. Finally, the weakly institutionalized category includes Ecuador, Peru, Guatemala, Colombia, and Brazil. This classification shows the level of institutionalization in 2005 without including the fourth component of PPSI, related to party organization. On average, the level of regional PPSI changed from “2.08” to “1.97” in a scale of “0” to “3” in which “0” is the least institutionalized and “3” the most institutionalized. Table 1.1 shows regional deinstitutionalization on average, dropping by 5.5 percent between 1995-2005. Countries classified by Mainwaring and Scully in 1995 as highly institutionalized have experienced a significant decline in the level of institutionalization by 2005. Conversely, countries categorized as having inchoate party systems such as Bolivia present significant improvements.

Table 1.1: Latin America Party System Institutionalization: A Comparison between 1995-2005.

Country	PPSI 1995 Mainwaring and Scully *	PPSI 2005 Payne et al.	Percentage of change between 1995-2005
Costa Rica	2.875	2.26	-27.21%
Chile	2.875	2.3	-25%
Uruguay	2.875	2.72	-5.69%
Venezuela	2.625	2.24	-17.18%
Colombia	2.625	1.66	-58.13%
Argentina	2.25	1.85	-21.62%
Mexico	2.125	2.32	8.40%
Paraguay	1.875	2.25	16.66%
Bolivia	1.25	1.66	24.69%
Ecuador	1.25	1.33	6.01%
Brazil	1.25	1.6	21.87%
Peru	1.125	1.5	25%
Latin America	2.08	1.97	-5.52%

Source: 1995 (Mainwaring and Scully 1995) *Original PPSI Index to 1995 were rescaled from “0” to “3” in order to make comparable the results; 2005 (Payne, Zovatto and Díaz 2007).

1.5. Overview of the Argument

Multiple studies explore the causes of political corruption. However, the identification of factors that foster high levels of political corruption and the specific mechanisms in which those factors alter the

political behavior of democratic actors is inconclusive. This analysis attempts to bridge the gap between approaches focused on structural factors, such as economic, social, and institutional conditions,¹⁰ and individualistic approaches centered on the politicians' decision-making processes (of whether or not use corruption to maximize their interests). The refinement in understanding the interaction between structural conditions and the individual process contribute to better capture the origin of effective political control of corruption. In order to recognize causal relations that explain levels of political corruption, this research highlights the mechanism in which institutionalized political party systems lessen the incentives of public officials to use corruption within democratic systems. By identifying the political parties' incentives to provide essential elements for successful implementation of political accountability, such as retrospective voting, institutionalized political party system are more likely to create the political setting in which voters act effectively as principals of elected public officials.

I argue that institutionalized political party systems promote higher levels of information and monitoring, which jointly empower voters to constrain public officials from using political corruption, making them accountable. Democracies with high levels of institutionalized political party systems are more likely to avoid problems of representation, such as the lack of legal binding between the promises of candidates and the design and implementation of public policies or political decisions, once the winning candidate takes the public office. Moreover, in institutionalized political party systems, political parties have an incentive to monitor their own members at the time that political opposition also generates low cost information that enhances the electoral competition by allowing retrospective and prospective voting.

¹⁰ Such as income inequality, economic growth, regimen system, electoral rules among others, proposes in the relevant literature as determinants of political corruption.

The political setting created under an institutionalized political party system facilitates the political parties' accumulation of political capital.¹¹ Development of this political capital works as a guarantee of the political party survival as an organization, yet is not the only pathway to ensure it. This key factor encourages political parties to provide the aforementioned elements –low cost information and monitoring. Political capital then has a relative value. While being part of a political party with a strong political capital is essential for politicians to achieve their goals under institutionalized political party system, it is neither necessary nor sufficient for politicians to survive within non-institutionalized political parties. Consequentially, political behavior of the members of political parties and future elected officials facing the cost-benefit calculations of whether or not act corruptly are substantially different. While acting in an institutionalized political party system, politicians need the brand-name of a political party, they find in its own behalf to increase and sustain the party's political capital, the opposite is expected in a noninstitutionalized political party system. Therefore, regardless of the mere existence of political parties and electoral competition –as institutions of democratic systems, the effective impact of enhancing levels of accountability for controlling political corruption depends on the degree of PPSI within a particular system. Political parties have *potential* capability to constraint political corruption but their *effectiveness* depends on the level of PPSI, understood as the level of predictability of the interaction among actors in the political competition, and the construction of political capital by each of the effective political parties brand name capital.¹²

Certainly, it is necessary to differentiate between the *formal* institutional role and the *effective* exercise of those roles in order to account for the disparity in the levels of political corruption among democratic systems. To accomplish an analysis of the role of political parties and electoral competition

¹¹ According to Birner and Wüthrich, political capital is “the resources used by an actor to influence policy formation processes and realized outcomes that serve the actor's perceived interests” (2003; 298). For further information related to the role of political parties in the formation of political capital, see Booth and Richard (1998).

¹² The brand-name capital refers to the capacity of a political party to be recognized and assessed by the constituency in terms of the party affiliation. This mechanism of identification is relevant in the electoral competition due to the capacity of determine the voting behavior (Tullock 1967).

accounting for political corruption, this study assesses the institutionalization of the political party systems and its impacts to reduce problems in the principal-agent relationship between voters and public officials. Political party systems may provide alternative solutions to conventional problems of lack of information and interest among voters, in accounting politicians' behavior. Therefore, political parties serve as the analytical tool to understand generalizations of high levels of political corruption. Acknowledging inherent problems in the principal-agent relationship among voters and public officials, and the role of PPSI, clarifies the impact of political parties within the causal mechanisms of political corruption in democratic systems.

This study makes two contributions to the understanding of political corruption. First, it provides a theoretical framework that emphasizes the impact of PPSI on political corruption within democratic systems. Second, this study provides a cross-national analysis of political corruption, focusing on the PPSI among democratic regimes. In doing so, this study explains why the expected effect of democratization and consolidation of democracy across Latin America is a necessary, but not sufficient element to curb corrupt behavior of public officials.

Despite some prior theoretical connections between accountability and party system institutionalization made by Mainwaring (1998), the present study is the first attempt to assess systematically the statistical significance of the political party system institutionalization on political corruption in a regional sample. Therefore, this work is particularly useful for understanding the controversial questions in regard to: how does democratic systems affect the likelihood of corruption? Moreover, to what extent does high levels of corruption hinder democratization processes? Identifying the causal relationships between PPSI and political corruption is a starting point for understanding the interaction among political corruption, quality of democracy, and economic development. Further research towards a more comprehensive study of the impact of democratic institutions on political

corruption is needed to produce effective public policies that will help to consolidate democracy in Latin American countries.

This thesis is organized as follows. In Chapter 2, I present previous advances of the literature focused on institutional approaches, to account for the variance on the levels of political corruption among democratic systems. Chapter 3 presents the theoretical framework linking the PPSI with the incentives of elected public official in their strategic behavior, to whether or not use corrupt means to maximize their private interest. Particularly, this chapter draws from the analysis of the processes of accountability, to distinguish among their potential impact controlling political corruption. Additionally, I use as a primary unit of analysis the agency relationship between voters and elected public officials, to hypothesize the effects of PPSI on the role played by the political parties accounting for different levels of accountability.

Chapter 4 and 5 present a quantitative and qualitative analysis respectively, to tests the hypothesis identified in the chapter 3. In Chapter 4 I use a quantitative analysis on a sample of 18 Latin American countries between 1996 and 2010. The Chapter 5 discusses in detail the benefits of using regional analysis and the operationalization of the PPSI, as the key independent variable. Finally, I present the statistical results obtained from testing the impact of PPSI on political corruption. The quantitative analysis provides strong support for the theoretical framework developed in Chapter 2.

Chapter 5 tests the proposed causal mechanism relating PPSI to corruption using Colombia as a case. I present the methodology to test the hypothesis argued at the micro-level. This chapter allows a better understands the dynamics in which politicians compete and particularly, how the levels of PPSI affects their calculation and strategies. In the final Chapter, I summarize the theoretical framework, the quantitative and qualitative evidence and the contribution of this thesis to the relevant literature. I then discusses the policy implication of the findings and the limitations of the results. I conclude by suggesting some nuances to further research on the relationship between PPSI and political corruption.

Sources of Political Corruption: An Institutional Approach

Despite caveats in the conceptualization and measurement of corruption, recent cross-national data on the perceptions of corruption has encouraged systematic studies in the identification of causal pathways of corruption. Empirical literature advances toward deciphering the intriguing relationship between democratization, economic growth and political corruption. Yet, causal links between these elements remains inconsistent, with relative agreement in regards to the negative consequences of generalized corruption on economic growth and democracy justifies further studies, particularly in attending to the identification of factors that foster corruption, especially within democracies (Drury, Krieckhaus and Lusztig 2006).

Political corruption is a multi-causal phenomenon in which several causal mechanisms, involving simultaneous and interactive relations among different variables, account for real and perceived levels of corruption in different proportions. Three main streams of causal factors prevail: cultural, economic, and institutional determinants. This study focuses on the institutional determinants of political corruption, specifically in the relationships between democratic institutions, political accountability and political competition. I point out the need for a deeper analysis of the role of political parties and political party systems in shaping the effectiveness of formal institutional controls, both political and judicial. In order to provide an overview of relevant literature I begin by summarizing the main advances and limitations of the three main streams previously identified in the relevant literature and briefly introduce the contributions of this study.

2.1. Cultural Determinants of Corruption

Scholars suggest that cultural values that are deeply rooted in societies explain how and why some countries are more prone to political corruption than others. This cultural approach analyzes the impact of aspects such as, “the timing and process of state formation; colonial legacies; social heterogeneity; clientelism, cronyism, patrimonialism, and social inequality; religion; gender; social trust and social

capital; media; and political culture” (Gerring and Thacker, 2004: 296). Cultural theories focus on four main variables: the judiciary culture, directly related to historical aspects such as colonial heritage, the impact of the values structures provided by religion, levels of social capital and ethno-linguistic fractionalization. La Porta, et al. (1997) analyze the impact of legal origins, social trust and social capital on corruption. They argue that societies with a British rule legacy (common law system) are strongly related to lower levels of corruption. This causal nexus builds on the greater protection of private property, generating better governmental structure. Tresman (2000, 422) elaborates on the argument, distinguishing the impact of the colonial heritage and the legal system. He argues that common law is a strong pillar of the colonial heritage in former British colonies characterized by the respect of the precedent, rather than the continental legal system based on codifications. This differentiation is significant in explaining levels of political corruption at imposing high standards of procedural justice.

Deviations from deterministic approaches of political and economic development based on historical aspects such as colonial heritage, are a significant contribution in the study of corruption today. While high levels of corruption, in principle, seem to be related as to whether or not a country was colonized and the type of colonization, in fact, Tresman (2000) shows that it is the strong root on good practices of governance that have a positive impact on the effectiveness of control mechanisms of corruption. Subsequently, public policy oriented research on corruption allows for the development of stronger “legal culture” (respect of the rule of law), claiming judiciary autonomy as a guarantee for effective control of the phenomenon in an environment of highly social legitimacy and respect of the legal system. Still, theoretically the suggested relationship is dubious. While political corruption is a widely proscribed behavior in legal systems, its ineffectiveness is inherent to the impunity of political corruption. The higher the level of impunity, the higher the incentives of public officials to use corrupt means. Hence, lack of capacity in the judiciary may be a factor that reinforces political corruption, however its impact in explaining the phenomenon is limited. Additionally, strong judiciary (in terms of

autonomy and power decision) and corrupt judges do not appear to contribute to the design of a viable alternative to controlling political corruption.

In terms of religion, values intrinsic to Protestantism, such as equality and individualism have been understood as deterrents of corruption, in contrast to the preponderance of hierarchical structures in Catholic and Islamic societies, that tend to foster it (La Porta et al. 1999 and Treisman 2000). Additionally, the relationship between state and religion is an important element in explaining lower levels of corruption in protestant countries. When Protestantism emerged as an alternative to the corruption of Roman Catholicism, it created high standards of distrust to the states that encourage high levels of accountability (Treisman, 2000; 421). However, the Catholic Church, as an institution, has evolved considerably, as has its impact on politic behavior.¹³ Though, “the role of cultural and social factors, including the dominant religion of a country, ethnic diversity, and the identity of colonizers, have not been found to hold up in all samples of countries and periods” (Yadav 10). Moreover, the relationship between Protestant societies and economic development indicates a possible spurious causal nexus between religion and political corruption mainly determined by the level of income and growth.

Social capital, media and political culture have also been negatively associated to political corruption. Many analyses argue that societies with low social capital, the widespread weakness of the rule of law, legitimate a tolerance of corruption and inhibit the effective functioning of judicial and political mechanisms of control within democracies. In the same line of thought, scholars argue that low levels of trust in a society distort the perception of public goods, fostering and justifying clientelistic behavior (Adsera et al., 2000 and Nef, 2001). However, societies in stages of generalized corruption are characterized by a broad de-legitimization of institutions, rendering lower levels of social capital and a lack of independence of the media. Therefore, as the direction of the causality is doubtful, this scholarship is questioned based on the possibility of endogenous problems.

¹³ As an example, Huntington (1991) explores the democratizing effect of the Catholic Church since 80's, especially in Latin American countries.

Finally, another cultural variable proposed by scholars to explain corruption is social heterogeneity or ethno-linguistic fractionalization. Building on the idea of non-egalitarian treatment among ethno-linguistic groups within a society, this argument suggests that highly fragmented societies are more prone to experiencing high levels of corruption as groups develop mechanisms that favor their own members, debilitating the rule of law. Conversely, La Porta et al. (1999) find that social heterogeneity or ethno-linguistic fractionalization becomes insignificant after the inclusion of economic factors in the model.

Other cultural factors, such as clientelism and cronyism, are highly controversial and are considered by most scholars as an expression of political corruption and, in this sense, part of the phenomenon under study. In sum, when cultural values determined by religion, colonial legacy and social trust aim to explain variance in cross-sectional analysis, variances in the degree of political corruption for countries in time series analysis represent a major challenge to this group of literature. When changes in social values hardly vary across time, levels of corruption show a higher volatility, suggesting at least that the impact of cultural values in the best case is only partial. Consequently, studies of the cultural impact on corruption should advance in data and quantitative analyses to determine the independent effect hypothesized or proposed theoretical frameworks that explain their interactive effect with economic and institutional variables.

2.2. Economic Determinants of Corruption

The economic perspective analyzes the impact of economic variables on corruption. First, economic development (usually measured in terms of GDP) is considered as a relevant factor explaining corruption. Developed economies present lower levels of corruption while low-income societies generally show higher levels. When the causal mechanisms explaining this relationship remain questionable in terms of its direction, some literature suggests that this economic condition fosters

higher levels of education¹⁴ and a strong middle class, elements that reduces the likelihood of corruption (Treisman 2000). Likewise, other scholars center the discussion on low levels of economic development, implying that political corruption responds to lower levels of economic growth or economic stagnation given conditions in the economic structure, such as closed economies (Svensson 2005). Nye proposes that corruption is more prone in developing countries than in underdeveloped countries. However, he also recognizes other elements as influences over the probability or level of corruption, including the weakness of the legitimacy of governmental institutions, the divergence of moral codes under previous colonial governments or the mere newness of the states (Nye, 1967: 418). Whether characteristics of economically traditional societies or the transitional process to a capitalistic economic system are related to the increase of political corruption within democratic systems is still subject of quantitative analysis, including those related to the consequent effect of political corruption as a positive (Leff, 1964) or negative factor (Mauro 1995) promoting economic growth. Other important variants of this perspective are related to the idea that “natural rents, as in the case of oil, and rents induced by the lack of product market competition foster corruption” (Ades and Di Tella, 1999: 983; Leite and Weidman 1999).

Additionally, arguments related to the relative wages paid to public officials also have a significant impact on levels of bureaucratic corruption. This argument builds on the idea of well-paid officials¹⁵ as harder to seduce by bribes. Increasing the cost of acting corruptly to public officials increases the cost to the agent willing to offer the bribes. Evans and Rauch (1999) argue that recruitment of bureaucratic positions based on meritocracy reduces corruption significantly. Further, Rijckeghem and Weder (2001)

¹⁴ Ali and Isse (2003) reassess the impact of economic variables use social heterogeneity and ethno linguistic fractionalization as an instrumental variable to determine the direction of causality. In doing so, the authors find that factors such as education, judicial efficacy, and economic freedom are negatively related to corruption, and positively related to foreign aid and size of government. In conclusion, this study suggests that the impact of economic development on corruption is preceded by strong legal, educational, and institutional developments (461).

¹⁵ Well-paid official are categorized not only in terms of the salary but also to additional labor conditions such as internal promotion, career stability and meritocratic recruitment. Rauch and Evans (2000) argue that those condition have an impact in the degree of corruption of less develop countries.

suggest that when low salaries are given to public officials, incentives to use corruption increase to fulfill the need to find an alternative method to ensure their income. On the contrary, high salaries increase the cost of those public officials to act corruptly. In a similar analyses, scholarship focuses on the impact of economic development on corruption, perceiving this phenomenon as a product of the process of the modernization of states facing economic transformation from traditional structures to a more capitalist system (Scott, 1972 and Tanzi, 1994).

Second, economic openness has been argued as having negative effects on levels of political corruption (Sandholtz and Koetzle, 2000). The argument follows the rationale of market competition, claiming that when rents decrease as result of competition the likelihood of corruption decreases, as it depends upon the existence of rents to distribute using corrupt means. However, according to Torrez, the causal relationship does not always hold when using large data sets (2002, 388). A different analysis of the consequences of economic openness on corruption suggests that in fact it is the economic competitiveness raised in an open economy that builds incentives for the domestic sectors to reduce their rent-seeking behavior in order to be competitive with the international market (Ades and Di Tella 1999; Goldsmith 1999; Graeff and Mehlkop 2003; Sach and Warner 1995). Furthermore, Gatti (2004, 859) argues that when the economic openness plays a role in accounting for corruption, the mechanism in which it matters is more related to the low tariff rates than competition in internal markets. Neoliberal economic policies are proposed by the revisionists as a major determinant of corruption, relating lower levels of corruption to the process of economic development characterized by trade and investment policies, regulatory policies, and the overall size of the public sector (Gerring and Tacker, 2005).

Third, Jong-sung and Khagram (2005) explore the impact of income inequality on corruption. Theoretically, the authors suggest that high levels of income inequality increases the capability of wealthy elites to use corrupt means to treasure and accumulate capital, avoiding redistribution at a lower risk of being punished. On the other extreme of the relation, the uneducated poor class is less able to

monitor and hold accountable the rich and are more willing to take their political decision such as the vote, driven by illegal favors, raw material of voting buying. Hence, income inequality provides an incentive and the means for the rich to behave corruptly without fear of punishment. Furthermore, a cultural effect of income inequality facilitates the widespread of corruption in a system: the legitimization of the use of corruption and the collateral de-legitimization of key institutions.

More nuanced approaches propose interactive relationships between economic and cultural perspectives offering a more comprehensive understanding of mechanisms at stake while explaining political corruption. Rose-Ackerman (1999), based on a rationalist approach, suggests that the structure of public and private sectors produces or suppresses corruption as long as those structure modify the cost-benefit analysis in the rational decision making process of individual actors facing self interest as a human motivational system. The structure of public and private sector is directly connected with the idea of political competitiveness.

Paldam (2002) suggests that the role of the cultural factors is not deterministic in the sense that the variance in the degree of corruption among countries sharing similar cultural values is high enough to dismiss this relationship. However, cultural and economic factors interact in long-term economic transitions. While economic transitions from poor to wealthy economies reduce corruption, high inflation rates increase has the opposite effect. According to Paldam, GDP is the most important determinant of the variance in corruption when culture is a secondary factor.

2.3. Political Determinants of Corruption

Institutional perspectives on corruption suggest that political institutions such as democracy, government size, and decentralization do play a significant role in explaining corruption. In particular, this line of research builds on the assumption that institutions shape political behavior. As a common ground among this research, political institutions have the capability of altering the incentive systems of main political actors within democracies, favoring some strategies over others. In other words favoring corruption as a

plausible and successful strategy. Consequently, the scope and frequency of corruption as a means to achieve rent-seeking goals responds to the incentives created by institutions and, in the same sense, might be modifiable through them.

Democratic institutional designs, based on checks and balances, offers an attractive line of research to explain political corruption.¹⁶ Aiming to determine whether or not democratic systems are less corrupt than non-democratic regimes, these literatures specify that three elements explain political corruption: monopoly, discretion and accountability (Klitgaard 1998). Monopoly represents the exclusiveness in the distribution and allocation of public goods. Discretion refers to the disposal of a public good. Accountability implies the degree to which the decisions made are monitored and sanctioned by other actors. In principle, democracy involves all three elements, therefore intuitively it is positively relate to lower levels of political corruption.

However, ambiguity on empirical evidence of the impact of democracy controlling corruption, in quantitative analysis using large samples, indicates two major concerns: the difficulty of isolated measurements of democracies from the effects of corruption and the timing of the link between democracy and corruption (Thacker, 2009). Current measurements of democracy are built on annual assessments that exclude historical long-term processes, are more likely to capture the strength of democracy. Thacker suggests that is the lack of value in historical processes in the operationalization of democracy is that explains the inconclusive results regarding the direct link between democracy and corruption (2009, 27). Moreover, in the identification of the causal mechanism in which democracy is causally linked to corruption, Thacker argues that is the long-term effect of democracy that influences the likelihood of corruption (Treisman 2000). This long term effect is related to his claim for the inclusion of historical aspects within the measurement of democratic strength as a determinant of corruption. The author points out three potential causal pathways: political competition, the development

¹⁶ Checks and balances are different from accountability (See discussion in Mainwaring and Welna 2003, 60).

of watchdog groups and an independent free media in the context of strong civil society, and greater institutionalization of the political sphere (Thacker 2009: 27-29 and Treisman 2000). Conversely, Montiola and Jackman (2002) suggest a non-linear relationship between democracy and corruption. They argue that in the initial stages of democratization corruption is higher. In this regard, democracy is a constraint to corruption after the political structures have attained a minimum democratic threshold. Further Manow (2005) argues that medium-democratic regimes are actually more corrupt than autocratic regimes, supporting the non-linear relationship argued by Montinola and Jackman (2002).

Specifically, the literature has been moving toward more specified models in which democracy is a relevant factor explain corruption, not *per se* but through its specific institutional designs. The analyses of a variety of democratic institutions and their specific independent and interactive effects have focused upon assessing the impact of variables such as unitary-federal structures, presidential vs. parliamentary system, and decentralization to determine the levels of political corruption and electoral rules.

Gerring and Thacker (2004) argue that unitary and parliamentary systems are less prone to corruption. Both institutions centralize political power that facilitates political accountability. In particular, the authors argue that evaluation of political performance of those in power is more effective than the accountability resulting from political competition. Providing empirical evidence linking centralized political power structures (unitary and parliamentary systems) to enhanced mechanisms of accountability, the authors elaborate on seven causal pathways which describe how those characteristic adjudicate clear responsibility to public officials, and strengthen political actors, such as political parties, making opposition and punishment of political corruption more likely. In particular, this literature contributes to the discussion of the role of political parties in democratic accountability, arguing that unitary and parliamentary systems are significant factors in the development of strong political parties. Likewise, strong political parties increase the capability of citizens to sanction or reward the participation through facilitating the identification of general performance of the government to a

particular political party. In parliamentary systems, the success or failure of government approaches to major social and economic concerns is evaluated by the electorate at the party level, rewarding or punishing candidates of that party in the following elections. On the other hand, presidential systems in which the success implementing public policies depend on the cooperation between executive and legislative branches make difficult the attribution of responsibilities to either of the actors, creating diffused responsibility.

Additionally, the processes of monitoring individual performance of elected public officials is more demanding in terms of resources and information, and therefore more likely that the electorate is able to punish corrupt parties than corrupt politicians. In doing so, as it is argued in this study, political parties have more incentives to control corruption among their member and denounce corruption in other political parties. Deepening impact of strong political parties in both political accountability and electoral competition, I suggest that political characterizations of the setting in which democratic institutions work (PPSI) determines the opportunities and incentives of elected public officials, as to whether or not to use corruption to maximize their utilities.

Conversely, plausible hypotheses elaborate on the virtues of decentralization controlling political corruption. On the one hand, these literatures claim that decentralization “increases the ability of states to compete against each other for citizens and allows states to increase regulation over areas already covered by the central government” (Lederman et al. 2005, 7).¹⁷ Moreover, similar works identify decentralization as an institutional element that curbs corruption, reducing the scope in which public officials are accountable by the citizens.¹⁸ While the distribution of public goods represented in governmental expenditures is delivered in a decentralized system, it is easier for constituencies monitor the process and decision-making process and in this order public officials are more accountable (Shah,

¹⁷ For further discussion see Weingast, 1995 and Breton, 1996.

¹⁸ As Lambsdorff (2005) suggests, the impact of getting government close to the constituency is a mechanism that may have an impact on political corruption. This rationale support the argument based on the size of the country (Root 1999; Fisman and Gatti 2002; and Treisman 2000) as well as the decentralization above noted.

2006; and Fisman and Gatti, 2002).

Simultaneously, a significant part of scholarship researching the impact of democratic institutions on corruption explores the role of electoral rules as determinants of level of political accountability and, in this sense, is claimed as a relevant explanatory variable to account for political corruption within democratic systems. Capability of electoral rules to enable voters to place accountability on politicians or on political parties suggest contradictory arguments. On the one hand, electoral rules that place accountability on politicians foster higher levels of corruption, as the rules increase intraparty competition that give politicians incentives to use corrupt means to fund their electoral competition. When electoral competition takes place among candidates that belong to the same political party (intra-party competitions) rather than among political parties (inter-party competition), candidates have more incentives to raise funds to finance their candidacy through personal channels that increases the likelihood of the use of corrupt networks (Cox and Thies 1998, 2000; Golden 2003; Chang and Golden 2007).

On the contrary, electoral rules that place accountability on political parties diminish the ability of citizens to identify, monitor and punish politicians individually, hence making difficult the attribution of individual responsibilities. For example, electoral systems such as proportional representation (PR) with closed lists seems to engender less accountable, thereby allowing higher levels of corruption. Furthermore, votes for parties instead of candidates deteriorates incentives of individual politicians to avoid corrupt means to maximize personal gains, due to the dispersion of the responsiveness of their acts (Kunicova and Rose-Ackerman. 2005; Persson, Tabellini, and Trebbi, 2003 and Myerson, 1993). Where the literature identified different mechanisms of corruption according to the scenarios created by electoral rules that promote personal vote and party vote, a second aspect of the electoral system, district

magnitude,¹⁹ is explored as having an interactive effect to account for political corruption.

Comprehensive works point out the conditionality in the effect of such electoral rules. Charon (2011) argues that the effect of Proportional Representation PR and single non transferable vote (SNTV) on corruption depend on the party system structure. He argues that in two-party systems in countries with predominantly single-member district (SMD) electoral formulas corruption on average is lower than multi-party systems in SMD countries. Additionally, he suggests that such relation do not exist in PR. In two party systems under SMD political parties have strong incentive to monitor, identify, and publicize corrupt behavior in order to impede incumbent political success in the electoral competition. Conversely, in multiparty systems, incumbent political parties are less accountable as the opposition is dispersed among diverse political parties representing diverse interests.

Clearly, institutional approaches to the study of causal chains of political corruption are associated with the idea of institutions shaping political behavior through the creation of incentives: “ultimately, the political macrostructure— related to the political system, balance of powers, electoral competition, and so on – determines the incentives for those in office to be honest and to police and punish misbehavior.” (Lederman et al. 2005: 3). However, the challenge to fully understanding the phenomenon is related to the specificities in which the democratic structure create those incentives toward a most transparent behavior of elected officials. As discussed in this study, democracy captures only partially the effect of institutions explaining political corruption. The significant variance across democratic systems responds to more specific elements within the institutional design within democratic systems. Furthermore, the scales in which democracy is usually measured encompass a variety of institutional designs that limit our inferential capability, or in other words the capacity to identify what components into the democratic design determines the success of the system to control political

¹⁹ Independent effect of district magnitude on corruption is also study. Persson, Tabellini and Trebbi (2003) suggest that by increasing the barrier to entry of new candidates or parties, small district magnitudes foster corruption. Conversely, Kunicová and Rose-Ackerman (2005) argue that large district magnitudes increase the likelihood of corruption as the augment the cost of monitoring not only for the opposition but also for citizens.

corruption. As a consequence of the lack of consensus linking democracy and corruption, the following chapter presents an analysis of political party system institutionalization and the mechanisms in which it affects the system of opportunities and incentives of key political actors. Looking at the specific effects of PPSI on political accountability and political competition, the next section identifies the causal pathways of political corruption within democratic systems.

2.4 Political Corruption and Political Party Institutionalization

This study advocates for an understanding of the systemic characteristics of the political party system given its fundamental role in the quality of democratic control of corruption. By shaping the cost benefit calculation of public officials, PPSI is a condition that reflects not only the institutional capability of political parties to exert political control in the exercise of the public function, but also represents the practical capacity to deter and sanction political corruption. Mainwaring's conceptualization of political party system institutionalization stands for the fact that "actors entertain clear and stable expectations about the behavior of other actors, and hence about the fundamental contours and rules of the party competitions and behavior" (Mainwaring, 1995: 67). In this definition, clarity and stability allow for effective political accountability. Party system institutionalization encompasses four key components: stability in patterns of inter-party competition; party roots in society, legitimacy of parties and elections, and party organization.

Mainwaring (1995) suggests that in more institutionalized political party systems parties' labels are powerful symbols. Thus, punishment of political corruption is more likely to be transferable from individuals to political parties, increasing the cost for political parties to allow or promote corruption among their members. Moreover, institutionalized political party systems give the opposition an additional incentive to monitor incumbents. When the political sanction of corruption is transferable from individuals to political parties, monitoring the incumbent does not only play a role in discarding possible reelection (if possible), but also reduces the likelihood of other politicians from the same

political party to run successfully for the office.

Political parties give citizens a way of understanding who is who in politics without requiring costly information. By doing so, political parties are expected to enhance political accountability, a central element of democratic politics. When public officials are accountable, cost-benefit relations involved in the decision making process of public officials tend to adjust their behavior to satisfy voters as their principals. As an example, even if voters cannot evaluate individual legislative candidates, they can evaluate party labels and vote driven by the cues that differentiate political parties (Mainwaring 76). In general, as Mainwaring and Scully (1995) suggest: “the nature of parties and party systems have important consequences for democratic politics: they shape the prospect that stable democracy will emerge, that democracy will be accorded legitimacy; and effective policy making will result” (1995: 1). Likewise, when political competition is played under noninstitutionalized political party systems, the value and recognition of party labels are less determinant in the electoral results. Electoral entrepreneurs, as a characteristic of what O’Donnell (1994) has denominated as ‘delegative democracies’, permit extremely weak political accountability whereby, democracy is limited to the electoral contest.

The institutionalization of the political party system provides clarity and promote political accountability given the necessity of a qualified interaction among political parties. Stable political party systems promote electoral competition guided by the legitimacy of the political parties and their intrinsic ability of mobilize citizens using powerful party labels. In this political context, political parties will monitor and exert control over the other parties, making visible the potential abuse of power in order to discourage party identification and potential voting for their rivals. This is a key factor that enhances political accountability in institutionalized political party systems. On the contrary, political competition is a necessary but not sufficient condition to exercise political control in the arena of political corruption, as agents are able to circumvent the control by promoting personal voting patterns. In this regard, party institutionalization discourages campaigns and election dominates by the logic of the personal voting.

Mainwaring states “the solidity of party organization varies markedly across cases, with significant consequences for democratic politics. In some countries, party organizations have significant resources and command deep loyalty among the political elite; these organizations still dominate political campaigns. In others, party organizations are flimsy; party loyalties are frequently shallow, and politicians focus on cultivating personal followings among voters” (Mainwaring 1998, 79).

Accordingly, the role of political parties and their impact in the democratic dynamics diverge among the scale of institutionalization. Variation in terms of institutional capabilities and incentives of political parties to achieve their goals (place politician in public office) suggests that political parties under institutionalized scenarios are able and willing to provide the voters with the necessary elements to exert effective accountability on the public officials. In order to frame theoretical connections between levels of political party institutionalization and political corruption, the next chapter explores the major obstacles to the principal-agent relationship between voters and public officials and establishes the mechanisms through which political party institutionalization presents alternatives to mitigate those problems. Political parties under institutionalized scenarios play the role of intervening actors affecting the efficiency of the principal-agent relationship between voters and elected public officials by providing the voters with elements to exert effective accountability over the public officials. In doing so, political parties shape the set of incentives that motivate public officials actions, and political strategies aiming to secure their specific goals. Thus, in the following chapter, I suggests that the institutionalization of political parties and party systems also have a relevant impact on levels of political corruption due to the raise in the political cost and the reduction of expected benefit from corrupt actions.

Political Party Institutionalization and Political Corruption: A Theoretical Framework

How political party system institutionalization affects the incentive systems in the principal-agent relationship between voters and public officials? Moreover, why and how does PPSI set the conditions for political accountability and electoral competition, which deter widespread of political corruption? Building on the identified problems within the principal-agent relationship between voters and elected public officials, I develop an argument on how and why PPSI affects political corruption, analyzing its impact on two dimensions: political accountability and political competition. In order to do so, this study examines the structure of opportunities and incentives under institutionalized and non-institutionalized political party systems at the individual and systemic level of analysis.

The *individual* level encompasses the factors that affect the ultimate decision-making process of elected officials to act corruptly or not. The analysis of corruption at the individual level assumes three conditions. First, elected officials are rational and utility-maximizing actors. Second, the decision of act corruptly or not depends on the cost-benefit calculation, including both political and economic expectations. Third, utility-maximizing calculations of public official are made under incomplete and asymmetric information. The individual level is useful to explain the rationality behind the decision of use corruption as a plausible strategy to achieve individual goals

The second level of analysis is systemic. Looking at the conditions imposed by the political system, it is possible to isolate the impacts of democratic institutions, such as the political party system, on the calculations of public officials at the individual level. While the individual level is guided by the rational decision making process, the systemic level is helpful to predict the extent of political corruption in a society. Furthermore, by determining the , systemic conditions create opportunities and incentives for public officials that shape the decision-making process toward the use of corruption at the individual level.

Within democratic designs, PPSI is a factor that plays a significant role as a determinant of effectiveness of the political control of corruption, through its effects on the level of accountability and the characteristic of the electoral competition. Rehren (2009) argues that strong political parties, as in institutionalized political parties systems, are able to develop credible commitments toward the political

sanction of corruption by monitoring public officials on the opposition²⁰ and enhancing the effectiveness of judiciary.²¹ Credible commitments work twofold. On the one hand, voters may create credible commitments for elected public officials when using their votes to sanction corrupt behavior by not electing them. In this case the certainty of the political cost for those acting corruptly diminishes the relative benefits of using corruption to maximize personal interests. Note, that in institutionalized political party systems retrospective voting is more likely than in non-institutionalized political systems given the availability of information and monitoring of public officials. Therefore, as voters' credible commitments are stronger in institutionalized political party systems, the likelihood of corruption decreases in this type of political party systems.

On the other hand, strong political parties may deter political corruption based on their possibility of developing credible commitments to politicians threatening their likelihood of being elected or reelected. This is possible when politicians need the political party endorsement to access public offices. Now, as discussed further in this chapter, institutionalized political party systems are more likely to impose the need of legitimate brand-name for political parties to enhance their opportunities to win in the electoral competition. As a consequence political parties are more likely to develop long-term strategies that include the construction and consolidation of their brand-name. In this context, scandals of corruption will be capitalized for the opposition to diminish competitors appealing to the voters therefore political parties are more likely to monitor not only the opposition but also their own members. In fact, lacking formal sanctioning power, political party threat power is what makes possible political control of public officials through the political party.

Conversely, lack of PPSI supposes either one of these conditions: a generalized weakness of political parties or a significant asymmetry in the strength of political parties. In both situations, non-institutionalized political party systems allow elites to control electoral competition, as fragile links with the civil society and internal division in factionalized political parties lines reduces the cost for the elites to use corrupt means to achieve their goals (Rehren 2009, 56). Moreover, weak political parties or

²⁰ Increasing the risk of being caught and sanctioned by the electorate using the retrospective vote, or other vertical institutions such as the judiciary or administrative persecutions.

²¹ Strong political parties enhance effectiveness of judiciary by providing information to the judicial system, initiating legal action and closely following denunciations until sanctions are imposed.

highly asymmetric political party systems reduce the likelihood of the development of long-term strategies as it appears as unnecessary to achieve the main objective of political parties that is placed their candidates in public offices. As a consequence, neither the voters or the political parties are likely to build credible commitments that constrain public official from using corruption as a mechanism to maximize their individual interests. This weakening political control of corruption within democratic systems.

Lederman et al. (2005, 1) suggest that political institutions have an important impact on corruption through two channels: political accountability and the structure of provision of public resources. The first channel refers to the ability of generate information about politicians' performance and impose sanctions to the misuses of the power entrusted, while the second channel indicates that political competition reduces the extraction rents. Yadav (2011) advance on Lederman's at el. (2005) channels on which political institutions impact political corruption, identifying party strength as a third channel. Scholarship developed in regard of the strength of political parties, as essential democratic institutions, played a decisive role to explain its impacts on corruption. I argue that by standing long strategic horizons and centralizing rent-extraction strong parties reduces the extent and likelihood of political corruption. When strong political parties success in developing political capital around a brand-name, benefits from using corruption as a strategy to maximized utility are deter by the cost in terms of the political sanction imposed by the electorate in the exercise of retrospective voting. Thus, political leaders have an incentive to exercise meticulous control of politicians in order to establish and maintain brand name that in the long run may pay higher political returns. Additionally, even if corrupt practices are implemented as political strategies by strong political parties, corruption will be lower as those political parties are able to centralize corruption efficiently, reducing the extension of political corruption (Gerring and Thacker 2004; and Shleifer and Vishny 1993). Conversely, other studies on corruption explores the theoretical connection between strong political parties and high levels of political corruption. Particularly, studies such as Yadav (2011) argue that when interest groups lobby strong parties corruption is higher. This conditions is inherent to democratic systems in which political

parties control critical aspects of the legislative such as the agenda-setting, the introduction of amendments and the postelection chamber membership.

In order to explain contradictory results in the impact of strong of political parties on political corruption, this study aims to add to the literature two theoretical clarification: first, the strength political parties has different outcomes on corruption. This variance responds to the levels of political accountability and competition and not independently on the strength of political parties. In this regards, the role of strong political parties such as the PRI in Mexico *per se* do not favor lower levels of corruption as the party system in which this party operate, as a whole does not enhance accountability and competitiveness. Conversely, it is argued that the predominant role of the PRI within the party system in Mexico hinders both democratic mechanisms. PPSI capture those nuances in the political spectrum reveling a more plausible explanation for political corruption. Stability in the party system makes more attractive the establishment of long strategic horizons in the political competition, and settle the electoral dispute in terms of the deepness of social roots of political parties that in turn are more likely to focus on programmatic political platform that in clientelistic networks enhancing levels of political accountability. Additionally, when electoral competition takes place on institutionalized political party systems to secure surveillance and guarantee success in attaining public offices, political parties have to develop larger social support in which clientelistic strategies are more inefficient than the competition in terms of attractiveness of public policies and the success in highlighting public problems.

3.1. Political Accountability

In general, political accountability refers to the answerability and responsibility of public officials (Mainwaring and Welna 2003, 7). Therefore, higher levels of accountability increases the likelihood of identification and sanctioning of the elected public officials wrongdoing. While the conceptualization is still part of the debate and scholars claim for limitation of the definition, there is no consensus in terms of the specificities of those limits. Five analytical points embrace the theoretical debate on the conceptualization of political accountability: the inclusion of informal relationships between non-state actors, the limitation to institutional authority to oversee and/or sanction, the capacity of sanctioning

placed on who monitor or oversee the public performance, the limitation to principal-agent relationships, and the limitation in terms of the agents of accountability to those who have formalized responsibilities to oversee and sanction public officials (Mainwaring and Welna 2003, 17). While this study focuses on the effectiveness of democratic institution and specifically the impact of PPSI on political corruption by enhancing or hinder political accountability, I adopt the more restrictive view of this concept drawing on Mainwaring and O'Donnell definitions as follows: Political accountability is the institutionalized capacity of a political actor to demand information related to the use of political power in a public office, with the right of sanctioning misuses when the case.

The relationship between accountability and political corruption has been widely study by the literature. Particularly, Przeworki, Stokes and Manin (1999) suggest that elections are ineffective as mechanism of control over governments. More in detail, the discussion presented by Fearon (1999) indicates that free and contest elections within democratic system work in between two mechanism the sanctioning and the selective. In the sanctioning mechanism, voters impose constraints to public officials' behavior when in further elections will punish corrupt incumbents impeding reelection or their achievement of higher public offices. Simultaneously, selective process refers to the ability of the electorate to differentiate between good and bad representatives. Even though the selective mechanism prevails over the sanctioning mechanism in the electoral behavior (Fearon 1999, 82) both play a role in disincentive use of corruption by elected public officials. This work concludes that in order to have a representative democracy, it is needed to develop accountability agencies "independent of other branches of government and subject to direct popular control, perhaps through elections" (Przeworki, Stokes and Manin 1999, 24). Following the same rationality, political parties and particularly PPSI are key elements of the political structure in which those processes of accountability interact and therefore offer a suitable explanation to how failure in holding elected public officials politically accountable foster high levels of political corruption.

Lederman et al. (2005) reassess the role of political institutions as significant elements to explain degrees of governmental corruption by determining the levels of political accountability. This assessment suggests that by providing information and establishing, through the effective sanctioning of corrupt behaviors, and setting credible commitments to those in the exercise of public power, higher levels of political accountability reduces the likelihood of political corruption. Moreover, the structure of provision of public resources may or not foster competition among government agencies. In a political scenario with high levels of political competition among actors that distribute similar public resources, as in a market structure, the margin of rent to extract decreases, therefore actors tend to reduce their rent-seeking behavior in order to be more attractive within the competition. In particular, the authors argue that institutions such as democracies, parliamentary systems, political stability, and freedom of press are all associated with lower corruption as increase levels of political accountability between voter and elected officials (Lederman et al. 2005, 2). Note that, political parties and in particular political party systems have similar effects on both, political accountability and the competition within the structure of provision of public goods.

To identify the effect of PPSI on political accountability, it is necessary to distinguish among its different mechanisms. Mechanisms of political accountability are defined according to the principal-agent relationship at stake. Originally, O'Donnell (1994) identifies two types of accountability using spatial references: horizontal and vertical accountability. Horizontal accountability refers to actions “undertaken by a state agency with the explicit purpose of preventing, cancelling, readdressing and/or punishing actions (or eventual non-actions) by another state agency that are deemed unlawful whether on grounds of encroachment or of corruption” (O'Donnell 2003, 35). Vertical accountability refers to the accountability of “state agents to citizens and to civil society” (Mainwaring 2003, 18).²² Smulovitz and Peruzzotti (2003) add to the typology of political accountability by introducing the concept of

²² Mainwaring (2003) clarifies that vertical accountability encompassed not only electoral accountability, but also the actions taken by civil society organizations and media.

‘societal accountability’. This type of accountability refers to the non-electoral, yet vertical, mechanism that “can be exercised between elections, do not depend on fixed calendars, and are activated on demand” (Smulovitz and Peruzzotti 2003, 310). Building on this types of political accountability I establish theoretical arguments of why horizontal accountability is inefficient to control political corruption by examining the case of the judiciary system as the strongest variable established in the literature. Next, I focus on the impact of PPSI whit respect to three aspects of vertical accountability: electoral accountability in which elected public officials are held accountable by the voters through the use of their vote (retrospective voting); non-agency relationships between political parties and elected public officials, in which political parties oversee and sanction candidates and elected public officials behavior in order to build and maintain brand-name reputation; and finally, the relationship between societal mechanisms of accountability and electoral accountability.

3.1.1. Limits of Horizontal Accountability

Horizontal accountability encompasses institutional checks and balances. One of the most important characteristics of democratic systems, especially in presidential systems, is independence among branches of public power and the encouragement to oversee and punish misuses of power among political institutions. While the political actors involved in this type of accountability vary according to the institutional design, in general, there are two main types of accountability mechanisms: political and judicial. Political control in horizontal accountability refers to the responsiveness of an institution answering for their political decision to another. Example includes presidential impeachment by the legislature and the veto to ministers.

On the other hand, judicial control encompasses the empowerment of different institutions to judge the attachment of public officials to the legal responsibilities of the public office. In particular, judicial control has a salient role in the literature as a factor that decreases the likelihood of political corruption. This argument builds on the idea that sanctions deter further acts of corruption. In general,

when corrupt politicians are properly prosecuted and sanctioned, the uncertainty of sanctions decreases while at the same time the cost of corruption increases. As the benefits of the use of corruption are relative, an increment in the cost reduces the benefits, and therefore decreases the likelihood of reproachable conduct –political corruption. However, I consider that effectiveness of judicial control to prevent political corruption is limited. These limitations are based on the difficulties to proscribe behaviors in the legal system, individualize actors, and sanction them, making corruption highly elusive for the judiciary system. In order to identify the effectiveness of the judiciary under the dimension mentioned above, this study differentiates between three structural legal aspects: criminalization of the behavior, individualization of the punitive actor, reproduction of the corrupt networks within the judiciary branch, and timing of the judicial process.

Difficulties in the criminalization of the corruption refers to problems of identifying acts of corruption into the category of criminal offenses across legal systems. In regard of the ability of efficient proscription of corrupt actions, Philip (1997) indicates that “the law is an inadequate guide –not only because it may not cover all cases which are widely perceive as corrupt, but also because the law can itself originate in corrupt practices: that an act is legal does not always mean that it is not corrupt” (Philip, 1997: 441). This lack of appropriate legislation constitutes a source of ineffectiveness in judicial control, as elected public officials may undercover misuses of political power masquerade with legal results. These types of procedures are typically uses in adjudication of public contracts. The line between the proper uses of political power and the illicit behavior is blurred, therefore the preventive and sanctioning effect of criminal law concerning the control of political corruption.

Identifying the individuals who act as determinants of crimes such as political corruption, implies the disentangle and proof political linkages that made possible the illegal use of public power. Rigid evidence systems become a substantial limitation on judicial control. In this regards, it is clear that most of the impunity in corruption derives the impossibility of trace sources of illegal use of political

power. For example, main actors of political corruption come from the highest public officials who are undercover for intermediates officials. The risk of judicial sanctioning assumed by intermediate officials, mostly in bureaucratic positions, are higher than the risk assumed by elected public official, partly because of the use of political status to avoid judicial actions. Paradoxically, are those public official within offices with high political discretion, those who made possible the punishable act of corruption in most of the cases. Furthermore, differences between legal and political responsibility make permissible the abuse of power to obtain privileges or benefits.

Thirdly, the spread of corrupt activity from one branch of public power to the judiciary branch impedes the effective imposition of sanctions. Political power questioned in the punishable process, possess similar mechanisms to use corruption within the legal process to obstruct it. Thus, as higher the level of political power enabling the corrupt conduct in the first place, more successful the corrupt means to avoid legal procedures. Indeed, the same political powers that make possible the corrupt behavior, are also able of corrupt the public officials in the judiciary.

Finally, legal procedures required to condemn an individual for corruption are generally longer in comparison to the opportunities of the corrupt actor of reaching higher levels of power to diminish the likelihood of being process for the criminal offense. Lack of reporting and fiscal control over public resources, as the extent of the practice within the surveillance and complicity of the control entities, are some of the causes hinder the exercise of judicial function. At this point it is also necessary to point out the lack of political commitment to fighting the corrupt behaviors as an obstacle to the efficient action of the judiciary.

On the other hand, as a result of limitation of judicial control to attack political corruption encourages the corrupt practices within the system, and also compromises significantly the judiciary independence. Consequently, the degeneration of judicial control begins to be reflected not only in the lack of effectiveness to prosecute and to punish corruption, but also in other equally punitive conducts

detrimental to the democratic system. In the definition and punishment of the political corruption is common to find associated crimes that also remain in impunity lowering the confidence of the citizens in the legal system.

According to the suggested structural limitations of the judiciary in the provision of an effective control for political corruption; weakness of the judiciary is a consequence and not a cause of the political corruption. Corruption acts systematically and transversally in the democratic system engendering tension between high courts, legislature and executive. Moreover, as it is suggested by Barreda (2010) is the civic society and in particular the free press at the bottom of a competitive democracy that make possible the horizontal accountability that included the judiciary.

3.1.2. The Role of Political Party System Institutionalization in Vertical Accountability

Two characteristics of political parties under institutionalized conditions substantially enhance the levels of vertical accountability, and therefore lower the likelihood of political corruption. On the one hand, stability in the inter-party competition creates incentives for political parties to invest more resources in long horizon strategies. When political parties worry for their brand-name reputation, they have incentive to exert control over their own politicians in public offices, partly because party political capital is bent to the legitimacy of the political program represented. Any personal gain obtained through corruption in the short term, is invalidated by the cost in the long term. Political accountability exert directly by political parties consist in oversee and sanction candidates and elected public officials behavior in order to build and maintain brand-name reputation.

Political parties' roots in the society, the second feature of institutionalized political party systems, make easier to voters the use electoral accountability as mechanism to sanction or reward politicians performance in office, including judgments related to the abuse of power. When political parties are well rooted in the society is easier for the electorate to identify the political parties with particular actions of political corruption. In doing so, electoral sanctions are transferable from individual politicians to the political parties increasing the incentive for the latter to closely watch and sanction particular candidates or elected public officials.

In sum, when political party systems are institutionalized, they create incentives for political parties to set long-term horizon strategies, in which brand-name development is required. Under this conditions, political parties need to generate information about their members performance and to monitor the opposition. This information is vital to the exercise of electoral accountability through the retrospective voting, as it is a necessary condition for voters to make informed decision. To describe the dynamics of political party system institutionalization and corruption I identify five steps within the electoral accountability in which political parties play a role deterring political corruption in figure 3.1.

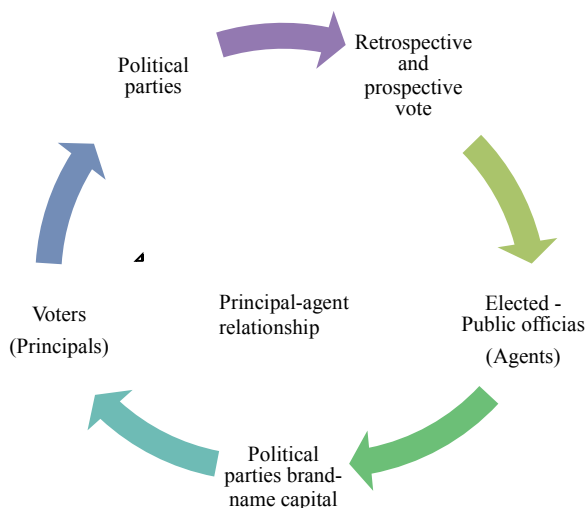


Figure 3.1: Influence of Political Parties in the Principal-Agent Relationship between Voters and Public Officials.

3.1.2.1. Political Parties and Voters

Democracy implies the possibility to express their preferences through political representation. This means that voters do not need to use undemocratic mechanisms to shape public policies and other governmental decisions. Political parties play a fundamental role in this regard, since they produce the conditions characteristic for the interest aggregation of voters over time. Shively (2008) suggests that, “a political party is a group of officials or would-be officials who are linked with a sizable group of citizens into an organization; a chief object of this organization is to ensure that its officials attain power or are maintained in power” (Shively 2008, 534).

Political parties have, as ultimate goal, placing their candidates in public offices. In order to doing so, they need to mobilize voters building a connection between voters' interests and political parties' ideological platform. The accomplishment of this task is directly related to the stability and credibility of the communicative channel developed from the political parties to their constituencies. In sum, political parties are encouraged to communicate their policies and messages to their citizens, identifying the social and economic problems, and giving them salience among voters in order to mobilize and place their candidates on office. However, multiple distortions play a role in this relationship threatening not only levels of representation but also levels of accountability. When voters are considered principal of their elected public officials, political parties play a particular role mediating this relationship.

The relationship between voters and political parties is important in the study of political corruption in two ways: to answer why corrupt politicians are reelected and to contribute to identify the incentives that increase the cost of act corruptly for politicians individually, and political parties as organization. Both analytical questions refer to the electoral accountability, however they manifest through the electoral competition. Corrupt politicians are reelected either because citizens remain ignorant of their behavior or because they accept this condition as part of the game. According to Manzetti and Wilson (2009, 78) "people in countries in where government institutions are weak and patron-client relationship are strong are more likely to support a corrupt leader from whom they expect to receive tangible benefits". The rationale at the bottom of this argument highlights the fact that when governmental institutions are unable to provide the public resources expected from them, politicians or/and political parties are willing to supply those public resources through the use of corrupt means, creating an electoral machines based on the interchange of benefits for votes. Limited resources and multiple unsatisfied voters willing to support and empower a political party that guarantees access to the public resources without the use of corrupt means are also conditions to encourage opposition to monitor

and denounce political corruption. Therefore, when political parties are strong, electoral competition is more likely to enhance levels of political accountability.

Even relative strong political party in non-institutionalized political party system using corruption to settle and maintain clientelistic networks are unable to satisfy citizens in large scale within the illegal distribution of public resources. This situation creates a political opportunity to other political actors to mobilize the citizenry. In institutionalized political party systems, political parties use those political spaces effectively as an opportunity to appeal to voters. In this political context, alternatives political parties have high incentive to monitoring and sanctioning corruption, using democratic institutions such as the judiciary and the political channels to control political corruption. As it is pointed out by the vast literature, this factor increases the risk of being caught and makes less efficient the use of corrupt means.

Political parties stable and deep roots in society play an important role in setting the strategies of political actors in the democratic systems. Divergent responses to the different levels of institutionalization within the political party system explain significantly the likelihood of political corruption within democracies. Under institutionalized political party systems, more effective monitoring of the public officials' behavior it is expected from the political parties in order to ensure their survival within electoral competition, providing to voters low cost information. On the other hand, under non-institutionalized political party systems, political parties can choose different strategies in order to achieve their ultimate goals of without having to be effective in the monitoring and communicating functions.

3.1.2.2. Political Parties and Retrospective and Prospective Voting

As a result of political parties' monitoring of the performance of public officials and their effective communication with the voters, highly institutionalized political party systems enhance the opportunity for voters to make informed decisions and punish corrupt public officials. Offering a solution to the

problems of information asymmetry and providing incentives to mobilize, it is expected that voters are able to replace corrupt elected public officials by rival candidates (candidates from opposite political parties) by way of retrospective voting. By developing and simplifying political ideology political parties use effective identification of social and political issues to mobilize voters. In this process the strengthening of political parties may serve as a tool to facilitate two components of political accountability: the identification of elected public officials with the political party that allow voters to raise the cost of corruption by sanctioning not only the corrupt public official, but also the political party, and the incentives generated by strong political parties to establish party discipline and play a relevant role in the nomination of candidates that allow inter-party monitoring and sanction of corruption.

3.1.2.3. The Impact of the Political Parties in Shaping Elected-Public Officials Behaviors

A consistent pattern of retrospective voting in a certain political system develops a credible commitment the voters –as principals, to sanction public officials political corruption. This credible commitment imposes a threat for the use of corruption by public officials, modifying incentives and strategies assumed by them and constraining the materialization of political corruption. In the scenario in which political parties do not have the incentive to effectively monitor public officials' performance and provide low cost information to the voters, the cost to act corruptly for the public officials will decrease as there will be no political punishment imposed by the voters.

As Holcombe and Gwartney point out, “the threat of replacement by a rival candidate constrains the ability of legislators to appropriate "income" (including non-pecuniary benefits) for themselves” (Holcombe and Gwartney 1989, 670). In a highly competitive electoral content, the threat of replacement will generate lower levels of political corruption. As public officials are empowered by their constituency for a limited period of time, they can be politically rewarded or punished as they use or misuse their mandate. In this point, it is also necessary to analyze the transferability of the reward or

punishment from the public official to the political party that allow him to be in the office. In institutionalized political system in which the connection between voters and political parties is high, the level of transferability is high therefore the voter reinforces the incentives of political parties to effectively monitor public officials. In the event of misuses of the power granted with the office, the political punishment or reward will determine the likelihood for the public official to be successful in the next electoral competition.

3.1.2.4. Incentives of Political Parties to Develop Brand-name Capital

Taking into account that voters are uninformed and uninterested in the political competition, political parties create a reputation among citizens, binding political positions in a simplified manner. In order to mobilize masse to vote, political parties develop social salience toward specific issues, and strength party identification by represented political policy positions as a response to those specific issues. Being this party identification one of the most effective electoral capital strategies, political parties have strong incentives to create a brand name: “a party label provides people with a signal that communicates an ideological perspective and image of performance to many people” (Holcombe and Gwartney 1989, 672).

To develop a brand-name capital is relevant for political parties, due to the cost to communicate complex information to unsophisticated masses. While for a political party, to create or restore a brand-name implies a significant investment of resources, electoral benefits, once it was built, are exponential because identification with the electorate will be a decisive factor in determining final voting for their candidates an will increase as long as the elected candidates once in office take fairly consistent political decisions with the ideas holding within the brand-name. Holcombe and Gwartney add that “without a brand name that represents an ideology and performance level that many people find attractive, a political party would be unable to attract loyal party voters, dedicated workers, large- scale financial

support, and quality candidates. Thus, maintenance of its brand name is of crucial importance to a political party” (1989, 672).

As a consequence of the high cost in building a political party brand-name, political parties seek to protect their brand-name capital. In order to do so political parties will impose strict mechanisms of political controls of corrupt behavior among their on members. However, the success of political party’s mechanism of control of corruption rely heavily on the capacity of these to impose political discipline among their members. Therefore “an erosion of party influence, such as has occurred in the United States, weakens the party's ability to monitor the principal-agent relationship between voters and legislators (...) causes an increase in special interest legislation and opportunistic behavior by legislators” (Holcome and Gwartney 1989, 669).

3.1.2.4. Efficiency of Political Parties to Create Responsive Actions from Voters

In order to set whether or not a public official will chose to behave corruptly, it is necessary to identify their interests, assuming that interests of principal (voters), agent (public officials), and the third intervening actor (political parties) diverge. Moreover, informational asymmetry is introduced in the modeling of the principal-agent relationship, as a result of the differences in incentives, and cost of information, among voters and public officials, as well as, the effectiveness of political parties monitoring over the public officials’ performance and communicating the results of the monitoring function to the voters. Given the fact that the condition of informational asymmetry is “to the advantage of the agent, but that the principal can prescribe the pay-off rules in their relationship”, the role of the political party in both monitoring public officials and communicating the results to the voters is critical controlling for political corruption (Groenendijk 1997, 208).

In sum, as O’Donnell, Vargas and Iazzetta (2004) suggest, vertical and horizon mechanisms of accountability, interact in a mirror effect. While a “well-organized society, and media may provide crucial information, support, and political incentives for the often uphill battles that agencies of

horizontal accountability may wage against powerful transgressor, (reciprocally) the perceived availability of (...) horizontal agency may encourage undertaken actions of vertical societal accountability” (O’Donnell, Vargas and Iazzetta 2004, 48). Table 3.2. presents the interaction between political party system institutionalization and political accountability explaining political corruption. According to the aforementioned, lower levels of political corruption are expected under high levels of political party system institutionalization given the incentives for political parties to provide necessary elements for electoral (low cost information and monitoring) and non-electoral accountability (development of strong watchdog groups). Additionally, given high levels of horizontal accountability, vertical mechanisms such as the judiciary are more likely to effectively impose sanctions to corrupt public officials.

Table 3.1: Summary of Interrelation Among PPSI, Political Accountability and Political Corruption.

		Political Party System Institutionalization	Political Accountability		
			Horizontal	Vertical	
				Electoral	Non-electoral
Political Corruption	Low	High	Independent and effective judiciary	Retrospective vote	Strong watch-dog groups
	High	Transitional	Weak judiciary	No-retrospective vote	Weak watch-dog groups
	High	Inchoate	Weak judiciary	No-retrospective vote	Weak watch-dog groups

3.1.3. Connections Between Vertical and Horizontal Accountability as Deterrents of Political Corruption

Moreno et al. (2003, 109) claim that vertical accountability is not a sufficient but a necessary condition for readdressing the accountability deficit in Latin America. Legislative oversight and effective non-elected agencies well functioning rely largely on the parameters develops in the vertical accountability relationship between elected politicians and voters. Political parties as those ‘accountability agencies’

shape incentives of elected officials according to the degree of PPSI to participate and achieve their goals within the electoral competition. In fact, public officials have more incentives to behave in representation of the electorate interest rather than in their individual interest, complying to the strategies developed by political parties, as long as the cost of not doing so are higher than the expected benefits from the use of corruption to maximize individual interests. In this sense Accordingly, I expect that institutionalized political party systems, through their impact in enhancing levels of political accountability and competition, reduce levels of political corruption in a society.

3.2. Political Competition

Competitiveness at different levels of the democratic and economic system jointly has been analyzed. Montiola and Jackman (2002) present a systematic analysis of three hypotheses (1) Political competitiveness: “more competitive political structures inhibit corruption”; (2) Levels of discretion in the exercise of the public functions: “larger governments generate more corruption”; and (3) economic conditions at the systemic and individual level: “the incidence of corruption is lower in countries with higher levels of economic development” (Montiola and Jackman 2002, 153-154). Their findings support that, levels of discretion do not have in general effects on levels of political corruption. They recognize problems of data availability to draw more definitive conclusion. the significance of the discretion and the political competitiveness disappear once included into the model the variable of economic development as a determinant of levels of political corruption.

Competition in the structures that distribute public resources and governmental services is perceived as a system of incentive to control rent-seeking behavior in elected officials. “Competition can drive corruption to zero, just as perfect competition among firms drives prices to equal the marginal cost of production” (Lederman at el. 2005, 6). In this sense, “the more institutionalized a party system is, the greater the likelihood that it will have programmatic political parties” (Jones 2005, 3). Under this condition, political competition is based the capability of political parties to appeal to the voters through

identification and efficacy of public policy proposed in campaigns and implemented once their candidates attained a public office. While Jones (2005) suggests that "it is difficult, if not impossible, for a programmatic party to exist within a weakly institutionalized party system" (Jones 2005,3), I argue that strong programmatic parties reduces the likelihood of corruption as their strategies are based on long horizon goals, including the perception of the electorate of the performance of their members once in office. This visibility makes less costly for the electorate to make more informed electoral decision.

H1: Institutionalized political party systems decrease political corruption.

Table 2.1 summarizes the relationship between political accountability and competition with PPSI explaining political corruption in which political corruption is low when political PPSI is high, therefore political accountability and political competition are high:

Table 3.2: Summary of Interrelation Among PPSI, Political Accountability, Political Competition and Political Corruption.

		Political Party System Institutionalization ²³	Political Accountability	Political Competition
Political Corruption	Low	High	High	High
	High	Transitional	Low	Low
	High	Inchoate	Low	Low

²³ I used the classification developed by Mainwaring and Scully (1995) between high, transitional and inchoate political party systems.

Political Party System Institutionalization and Political Corruption: Empirical Evidence

To test the hypothesis on the relationship between PPSI and political corruption, this thesis uses a mixed-methods approach using both quantitative and qualitative methods of analysis. Given the limitations of data availability for quantitative analyses, and recognizing that the quality of the proposed independent variable, institutionalization of political party systems, is difficult to characterize at a wide cross-national level, this study includes a case study of political corruption in Colombia during the last decade, presented in the next chapter.

This chapter includes a quantitative analysis of the impact of PPSI on corruption. I statistically test, in a sample that includes 18 Latin American countries, how different dimensions of PPSI, such as inter-party competition, political parties' roots in society, political party legitimacy, and party organization account for variation in the levels of political corruption, both individually and jointly. Using a time-series cross-sectional (TSCS) dataset between 1996 and 2010, I test the hypothesis proposed in Chapter 3.

4.1. Why Latin America?

While this study focuses on the effectiveness of democratic institutions in controlling political corruption, Latin America as a sample challenges standing theoretical frameworks, creating an intriguing puzzle. Some hypothesized independent variables to explain corruption such as colonial heritage and type of judicial systems do not vary in Latin America, and thus they can be eliminated as causes of the enormous variances of political corruption in this region. Most Latin American countries share the heritage of Spanish and Portuguese colonialisms.²⁴ As a consequence, all Latin American countries have a legal system based on civil law (La Porta et al. 1999). In fact, their independence from the former colonial powers during the nineteenth century and transition to democracy during the

²⁴ Spanish and Portuguese colonialism share significant economic, religious and social institutions in contrast to British, German and French colonialism.

twentieth century as political phenomena are regional patterns. Consequently, this research design allows me to focus on other factors that do vary within Latin America.

Explaining political corruption in Latin America demands a deep understanding of the role of democratic institutions that shape political behavior. Democracy is not a finished task in Latin America, not even in developed countries. Furthermore, intense efforts by different political systems to maintain and consolidate democratic systems have to focus on the pervasive effect of political corruption at the medium and long term. Democracy itself did not bring immediate reduction of levels of corruption to the region. In fact as “Democracy creates new means of acquiring and exercising power and wealth, conditions often giving rise to new opportunities for corruption” (Morris and Blake 2009, 3).

4.2. The Dependent Variable: Challenges in the Conceptualization and Measurement of Political Corruption

Political corruption is a global phenomenon, common to diverse types of regimes through history. Despite the pervasiveness of the phenomenon, it is rarely well captured in the current measurement systems. As is discussed in the relevant literature, there are two main features that account for this situation: the lack of consistency in the definition of the phenomenon and the legal impunity that impedes systematic observation.

Inconsistency in the definition of corruption across time and countries as a unit of analysis is mirrored in the available systems of measurement based on the perceptions of the phenomenon. Hence, measurements of corruption involve not only the impact of the variation in the definitions across different units of observation and time, but also low levels of accuracy as perceptions are only a proxy for the real levels of political corruption. On the one hand, perceptions underestimate the phenomenon by not reporting the unknown cases and overestimate it by being affected by other factors such as the media. In sum, systems of measurement that rely on perceptions of the phenomenon may vary independently from the reality, as perceptions respond to other social dynamics, such as media coverage.

Additionally, using this measurement of corruption based on perceptions is problematic as they do not differentiate among types of corruption. Subsequently, it is not possible to isolate political corruption from bureaucratic corruption using the available measurement systems. However, the hierarchical structure of government, in which coordination and synchronization of bureaucracies follow political decisions made by elected public officials, and implemented by appointed public officials at the top of individual bureaucracies, connect both types of corruption: political and bureaucratic. This organic concept of the state structure allows that either by executing a direct order of elected public officials or under their permission (tacit or explicit), the extent of bureaucratic corruption indicates the permissibility of elected public officials, and therefore reflects the extent of political corruption. Even though causes of bureaucratic and political corruption differ, the extent of both is at least theoretically argued as highly correlated.²⁵ Accordingly, Yadav (2011, 160) indicates that “Political corruption is then systemically linked to total corruption through the degree of influence peddling and state capture in that country, which bring bureaucrats and other public officials into its ambit as well.” While measures of political corruption are based on perceptions, the salience of political corruption over the bureaucratic makes it valid to assume that perceptions reported by the index approximate the extent of the political corruption.

To address these limitations, I discuss the available measurements of corruption: the World Bank’s report of control of corruption in the Worldwide Governance Indicators (WGI),²⁶ the International Country Risk Guide (ICRG) reporting levels of corruption as a component of the political risk rating; and the Corruption Perceptions Index (CPI) provided by Transparency International. Table 4.1. present the statistical summary of these measurements.

²⁵ Gerring and Thacker (2004) explain alternative pathways of political corruption, describe the links between political and bureaucratic corruption, indicating that: “Political corruption is, to a significant degree, a bureaucratic pathology.” (324). Consequently, it is possible to infer that as higher the level of political corruption, higher the level of bureaucratic.

²⁶ The WGI cover over 200 countries and territories, measuring six dimensions of governance starting in 1996: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. (Kaufmann, Kraay and Mastruzzi 2010, 1)

Table 4.1: Descriptive Statistic for Measurements of Corruption for Latin American Countries**1996-2010**

Source	Mean	Std. deviation	Min.	Max.
World Bank	.3001687	.6585364	-1.507455	1.337307
ICRG	3.34562	.8786102	1	5
IT	6.469009	1.388263	2.06	8.5

The World Bank measurement of corruption reports aggregate and individual governance indicators for 215 countries over the period 1996–2010. For the variable control of corruption defined as “perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests” (Kaufmann, Kraay and Mastruzzi 2010, 4). This source reports two results: the standard normal units of the governance indicator and in percentile rank. The first measurement ranges from around “-2.5” to “2.5” in which “-2.5” represent the most corrupt and “2.5” the cleanest. The percentile rank terms ranges from “0” to “100”, in which “0” represent the cleanest and “100” represent the most corrupt. To facilitate the interpretation of the results, this study uses the standard normal units of the governance indicator inverted scale in which “-2.5” represent the less corrupt and “2.5” the most corrupt.

Corruption Perceptions Index (CPI) reported by Transparency International reports the level of corruption, understood as “the abuse of entrusted power for private gain” (Transparency International, 2010) . The scale of this measurement ranges from “0” to “10” where “0” means that a country is perceived as highly corrupt and “10” means that a country is perceived as very clean. While the CPI index is a widely used measurement in the literature, it is not suitable for a time series analysis due to the methodology of calculation for the index based on the country’s rank and inconsistencies in the sample. Inclusion or exclusion of countries from year to year may affect the annual score of a country from one point in time to the other even if the perception of corruption remains the same. In other words, “country’s rank in a given data source can change: a) if perceptions of corruption in other

countries included in that source change; or b) if countries are added or removed from that data source,” (Transparency International 2011). This makes inappropriate the use of this index in time series analysis.

Finally, the Political Risk Services provides a measure of corruption as one of the twelve Political Risk Components in the International Country Risk Guide. This database has the longest time coverage, reporting data on corruption since 1980 to 2008. Corruption is defined as the “actual or potential corruption in the form of excessive patronage, nepotism, job reservations, 'favor-for-favors', secret party funding, and suspiciously close ties between politics and business” (ICRG 2013). The scores range between “0” and “6” in which “0” represents the most corrupt and “6” the least corrupt.

In order to facilitate interpretation of the quantitative results, I invert the scale in which the higher scores represent the higher levels of corruption. Table 4.2 indicates the correlation among measurements of corruption. This table shows that while the correlation between the measures by Transparency International and the World Bank is high, the correlation between these measurements and the ICRG index is relatively low ($r=.6$). One factor have been identified in the literature for this discrepancy. ICRG measurement of corruption measures “the risk posed by corruption to the private sector not the incidence or scale of corruption per se” (Galtung 2006,116). Moreover, differences between these two perspectives of corruption, the risk for the private sector and the actual incidence of corruption in a country, may be explained by whether there exists a high or low tolerance towards corruption (Lambsdorff 2006, 82). For example, the ICRG index reports lower corruption risk for countries that have widespread corruption because low levels of democratic accountability and high tolerance of corruption do not implies high risk. According to Sealy, editor of ICRG:

“It frequently happens under our system that a country with a very low level of ‘institutionalized’ corruption presents a higher risk in our corruption component than a country where corruption is institutionalized, the reason being that the political risk posed is greater in a democratically accountable system than in one where democratic accountability is severely curtailed or non-existent” (Galtung 2006, 116)

Indeed, this conceptualization of corruption is extremely inadequate to analyze the impact of democratic institutions such as PPSI on political corruption because the Latin American sample historically have been reporting relative high levels of corruption, which classifies most Latin American countries as having ‘institutionalized.’ According to the above, the operationalization of corruption in this measurement makes it unsuitable for regional comparison as the proposed in this thesis.

Table 4.2: Correlation Among Measurements of Corruption for Latin American Countries

Source	World Bank	ICRG	IT
World Bank	1.0000		
ICRG	0.6076	1.0000	
IT	0.9429	0.6049	1.0000

Objectivity and comparability in the data are difficult to achieve. However, some differences in the methodology used in the report of cross-national corruption makes the World Bank’s report of control of corruption the most appropriate to measure political corruption. While ICRG is considered a primary source, the World Bank index is called the poll-of-polls-corruption database, a secondary source that includes among other several international polls, the information provided by ICRG. Accordingly, due to the ICRG’s conceptualization of risk and the CPI’s impropriety for time series analysis, this study uses the World Bank measurement for the quantitative analysis.

4.3. Independent Variables: Political Party System Institutionalization and its Components

In order to assess the hypothesized impact of PPSI on political corruption within a democratic system, I operationalized each of the four dimensions encompassed in this concept: stability of inter-party competition, stability and depth of party roots in society, legitimacy of political parties, and party organization. In this chapter I provide a brief discussion of the conceptualization of the components, a comparison of the results across countries, including the classification of countries, and historical trends. At the end I explain the process of aggregation of the four component within the index of PPSI.

4.3.1. Stability of the Inter-party Competition

Usually measured by electoral volatility using the Pedersen Index (Pedersen,1983), this component

represents the net change in votes or seats gained or lost by political parties individually within a system from one election to another. The Pedersen index is calculated by adding the absolute number of the difference between the percentages of votes/seats gained and lost between consecutive elections divided by two. Particularly, I estimate electoral volatility based on the number of seats gained or lost by each political party in the lower chamber of the legislature instead of the number of votes attained for each political party, due to the inconsistency in and lack of information on the number of votes across the Latin American countries. However, according to the electoral volatility results reported by Jones (2005), in most Latin American countries, the level of *vote* volatility and the level of *seat* volatility are quite correlated (Jones 2005, 5).²⁷ Furthermore, the calculation of electoral volatility includes all political parties that gained at least one seat in the lower house of the legislature. This inclusion allows the analysis of variance in the small political parties, that in some countries like in Colombia use to have a short lifetime of maximum one or two consecutive elections. The data sources and calculation for each of the 18 Latin American countries are provided in Appendix 2.

In general, levels of electoral volatility represent complex dynamics of political competition. Therefore, its implications and significance are difficult to determine. On the one hand, according to Payne, Zovatto and Díaz (2007), “in countries where democratization entails the construction of interparty competition that scarcely existed before, a certain degree of deinstitutionalization must occur before a democratic party system can be institutionalized. This deinstitutionalization entails the entrance of new parties” (Payne, Zovatto and Díaz 2007,153). Variance in the distribution of the seats in the lower house of the legislature obtained in this study must be explained by the entrance of new political parties in countries such as in Guatemala, Panama and the Dominican Republic.

On the other hand, electoral volatility may also represent “the shifting of voter allegiances, and

²⁷ In addition, using the electoral volatility calculated based on the number of seats; suit the cross-national comparative analysis as it establishes the real participation of political parties in the legislature, accounting for different formulas to translate votes into seats.

potentially, the weakening of existing parties. Such systems may be handicapped relative to those that can simply resurrect a dormant party system. Yet the construction of party politics is a necessary and sometimes lengthy process on the way toward the consolidation of democratic systems” (Payne, Zovatto and Díaz 2007,153). This is the case of countries such as Colombia in which traditional Liberal and Conservative parties have been weakening significantly, due to the alliance of central politicians with the U party while opposition remains disperse. High levels of electoral volatility represent low stability in inter-party competition which is shown in Table 4.3. This means that the more variance in the seat obtained by a political party within the lower house, the lower the stability in the electoral competition.

Electoral volatility calculated on the base of the number of seats distributed between all political parties of the lower chamber for the 18 countries covered in this study, shows some consistency across time. On the one hand countries such as Bolivia, Guatemala Venezuela presents high levels of electoral volatility that are reflexed on lower levels of stability in inter-party competition (see Figure 4.1); and Brazil, Chile Dominican Republic Honduras, Mexico, Panama, Paraguay consistently maintain lower levels of electoral volatility mirroring high levels of stability in inter-party competition (see Figure 4.2).

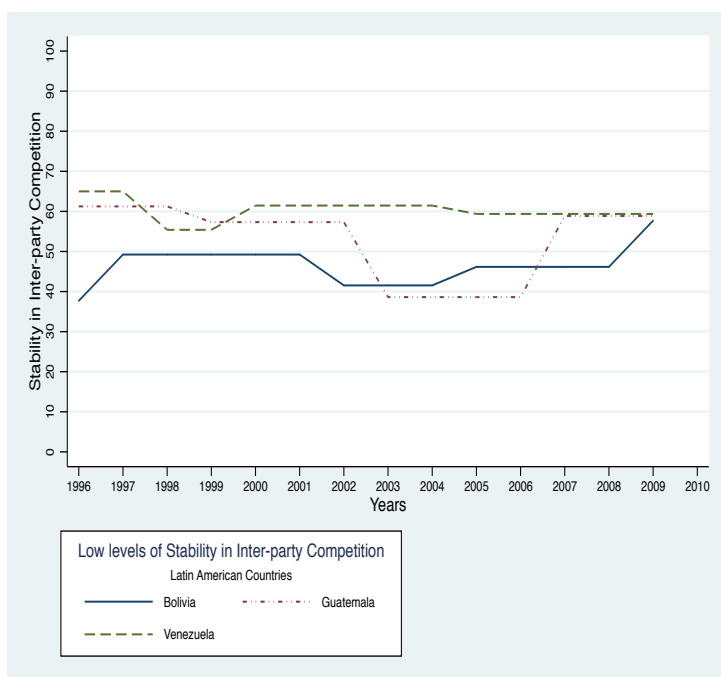


Figure 4.1. Lower Levels of Stability in Inter-party Competition Latin American Countries Levels

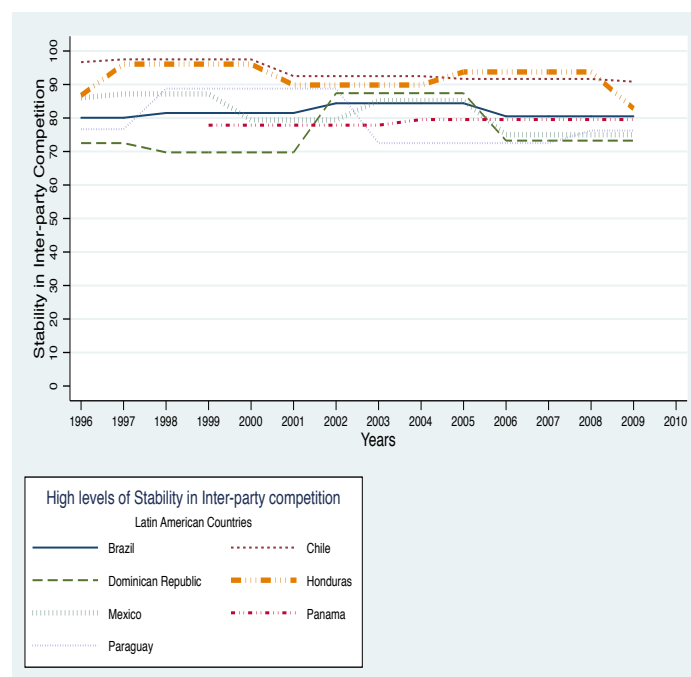


Figure 4.2. Higher Levels of Stability in Inter-party Competition Latin American Countries Levels

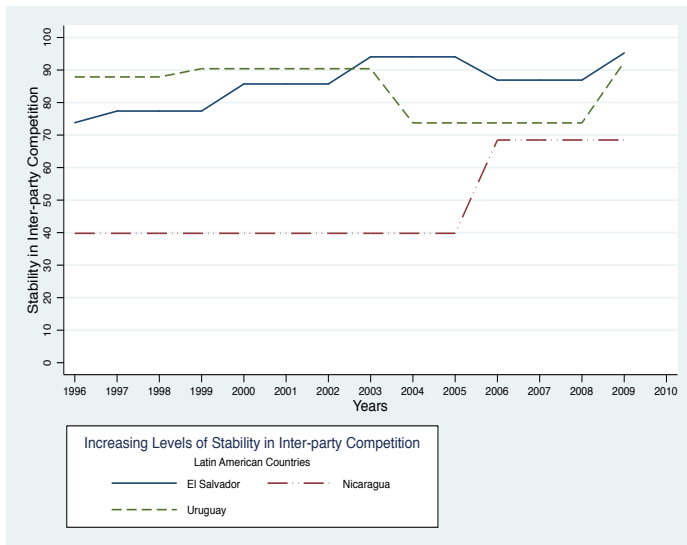


Figure 4.3. Increasing Levels of Stability in Inter-party Competition Latin American Countries

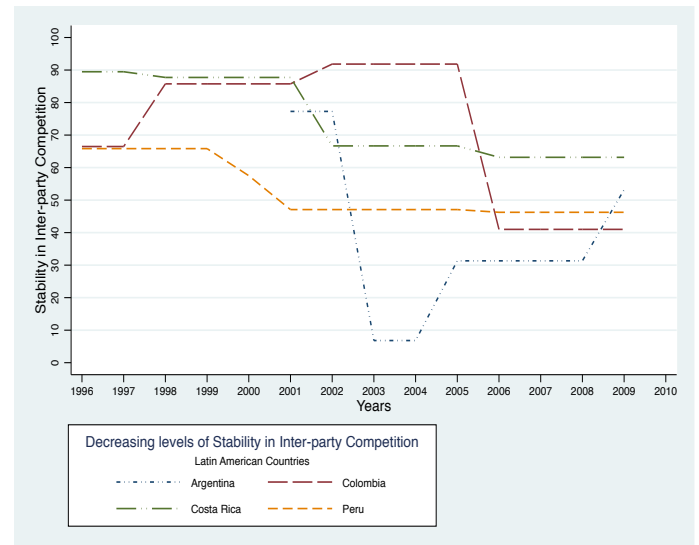


Figure 4.4. Decreasing Levels of Stability in Inter-party Competition Latin American Countries Levels

However, majority of Latin American countries have vast differences within countries from one election to another. For example, El Salvador, Nicaragua and Uruguay have been reducing the level of electoral volatility (see Figure 4.3), while countries such as Argentina, Colombia, Costa Rica, Ecuador and Peru have been increasing the level of electoral volatility, reducing the level of stability in the inter-party competition (see Figure 4.4). On average the region present a continuous process of destabilization of the inter-party competitions between 1996 and 2009, as it is shown in the following Table 4.3.

Table 4.3. Average of Latin American Electoral Volatility and Stability of Inter-party Competition

Year	Electoral Volatility	Stability Inter-party Competition
1996	26.67	73.35
1997	27.05	72.93
1998	24.58	75.44
1999	24.52	75.47
2000	24.62	75.41
2001	25.72	74.28
2002	26.32	73.67
2003	31.40	68.67
2004	32.23	67.89
2005	30.56	69.50
2006	34.78	65.28
2007	33.66	66.39
2008	33.45	66.56
2009	29.77	70.18

4.3.2. Stability and Depth of Party Roots in Society

The second component of PPSI refers to the stability and depth of party roots in society.

Institutionalized political party systems shows stronger links between political parties and citizens than non-institutionalized system. Strong links between political parties and society imply identification and loyalty of constituencies with political parties.²⁸ In terms of corruption, strongly rooted political parties bring clarity to voters in the long horizon strategies and generate stable and well-defined expectations with respect to the performance and decisions of elected public officials once in office.

To test the relationship between the stability and depth of party roots in society and political corruption, I compiled survey data extracted from the *Latinobarómetro* cross-national survey data. Yearly information related to party preferences of Latin American countries is presented in the percentage of respondents that feel very close and fairly close to a political party, creating two different measurements. First, I report a high criterion in which I include exclusively the percentage of respondents that feel *very* close to a particular political party. Second, I created an additional measurement in which I add to the percentage of respondents that feel *very close* and those who feel *fairly close* to a specific political party.²⁹ Observe that the high criterion represents theoretically a stronger effect on political corruption as it represents the percentage of the constituency that may be more likely to exert retrospective voting, since the communicative channels between political parties and this sector of the population enhance levels and quality of political accountability. On the other hand, according to the high correlation between the high and flexible criteria, using the flexible measurement

²⁸ Strong links between political parties and society are highly likely to be translated into consistency in voting across time. Subsequently, strong roots in society may be partially related to electoral volatility (previous component of the PPSI).

²⁹ This information is derived from the question of how citizens feel with respect to the political parties. The options given to the respondents are categorized in four levels: very close, fairly close, just a sympathizer, or not close to any political party. Follow the questions numbers within the survey for the different points of years reported:

1996 Question 39 (P39)

1997 Question 57 (SP57)

2003 Question 53 (P53st)

2007 Question 65 (Q65NA)

(percentage of respondents that feel very close plus the percentage of the respondents that feel fairly close to the political parties), I expect to find a slightly lower, yet significant impact of political parties' roots in society on political corruption.

Political parties' roots in society vary significantly across countries in Latin America. Table 4.4. provides the average party identification per country both unities of measurement, high and flexible criteria. Analyzing the percentage of respondents that feel very close to a particular political party, countries such as the Dominican Republic, Uruguay, Nicaragua, Honduras, and Panama are consistently reporting strong ties between political parties and society. Peru and Brazil present lower levels of partisan identification. In terms of the flexible criteria, countries that present an increase over time in the percentage of respondents feeling very close to political parties do also present a similar independent growth in terms of the percentage of those respondents that feel fairly close to a particular political party.

Table 4.4: Average High and Flexible Criteria of Political Parties' Roots in Society

Country	Strong Political Parties' Roots in society (High criteria)	Some Political Parties Roots (Flexible criteria)
Argentina	3.25	11.64
Bolivia	3.28	9.91
Brazil	2.37	8.36
Chile	2.68	10.18
Colombia	4.14	13.00
Costa Rica	5.10	12.17
Ecuador	3.34	10.36
El Salvador	7.18	15.68
Guatemala	6.14	10.57
Honduras	12.88	22.94
Mexico	3.75	9.64
Nicaragua	11.32	22.15
Panama	6.11	19.11
Paraguay	8.80	32.14
Peru	2.49	6.58
Dominican Republic	21.70	43.3
Uruguay	11.38	30.88
Venezuela	8.43	18.05

As it is argued in this thesis, the variance across time within Latin American system is relevant in the analysis of its effect on political corruption. Appendix 3 presents the variance in this component for the complete sample. Particularly, this analysis reveals that countries such as Colombia, Honduras, Mexico, Paraguay, and Venezuela have been increasing the percentage of party identification at the two levels of measurement (*very close* and *fairly close*) as it is shown in Figure 4.5. Other countries such as Argentina and Ecuador, have been weakening their levels of partisan identification.

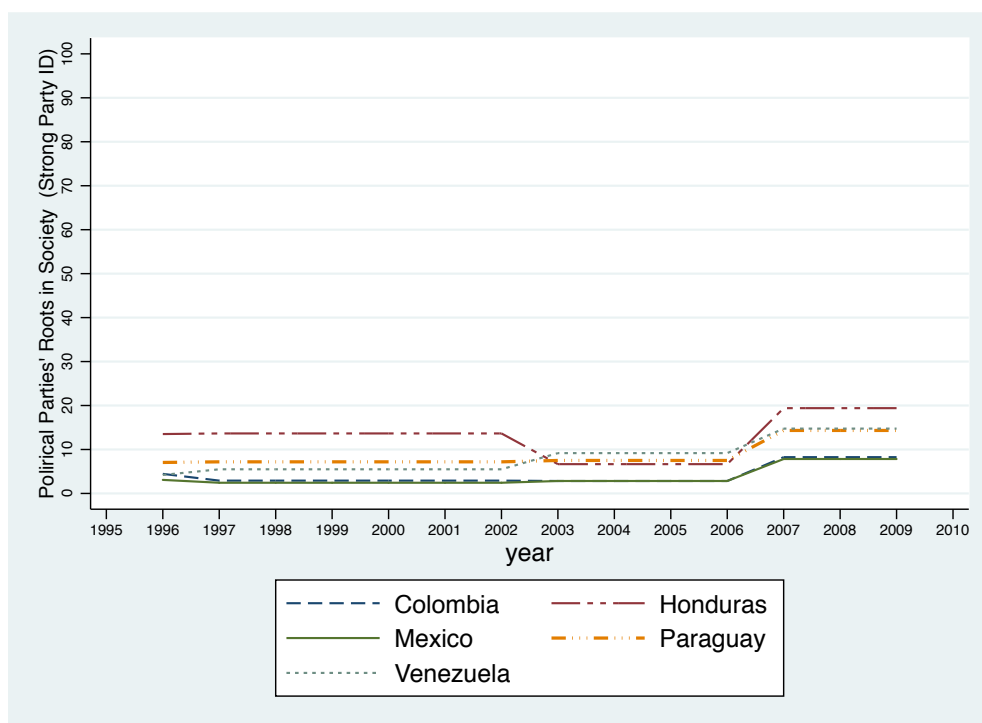


Figure 4.5. Increasing percentage of Political Parties' Roots in Society

Furthermore countries such as Bolivia, El Salvador, Peru, and Uruguay show similar percentages at the beginning and end of the time under analysis. Other countries present a more complex panorama that includes opposite trends between the two measurements proposed in this study. Costa Rica, Nicaragua and Panama present a decrease in the percentage of respondents that feel *very close* to a particular political party, but an increase in the percentage of respondents that feel *fairly close* to it. While for those countries the decrease in the first category is less significant than the increase in the second category, it is possible to argue that the political party systems present in overall a significant

increment in terms of the roots of the political parties in the society. Additionally, Brazil presents a marginal decrease in its level of partisan identification at the high criterion in this measurement, while it has a slightly increase at the flexible criteria during 2003 to decrease below to the initial point in 2007. Another special case is Chile that has a small increase at the high criteria and decrease in 2007 at both levels of measurement analyzed in this study.

4.3.3. Legitimacy of Political Parties

Legitimacy of political parties refers “the extent that political actors view them favorably, or at least consider them necessary parts of a good political regime” (Mainwaring 76). Indeed, party legitimacy reveals the “popular appreciation” of the party, and as such, identified as an important characteristic of autonomy (Basedau and Stroh 2008,13). Legitimacy of parties is relevant to understand the phenomenon of political corruption as it defines the possibility of political parties to act as a strong determinant in the selection of candidates. In highly institutionalized political parties systems, the likelihood of winning an election without the support of a major political parties is low. Therefore, in elections based on deeply legitimized political parties, politicians and potential candidates have more incentives to run for office under the postulation of political parties rather than individually.

Moreover, in the process of selecting candidates, political parties with strong legitimacy may develop strong party discipline, making more transparent the performance of elected public officials to their constituencies. As a consequence, when public officials use corruption, citizens may translate the political cost from the public official individually to the political party. This gives an incentive for political parties to monitor the performance of their own members and eventually sanction corrupt behavior by choosing clean candidates over corrupt ones. Democratic systems with lower levels of legitimacy are more prone to find officials without support of a determinate party. This condition decreases the probability of political party control over public officials. Legitimacy of the political parties is measured using the *Latinobarómetro* question related to the degree of confidence of

respondents in political parties. According to the structure of the options to answer this question, this study uses two different degrees: the percentage of population that have *high* confidence in political parties and the percentage of people that have high and *some* confidence on political parties jointly.³⁰ Table 4.5 provides the average for both levels of measurement of the legitimacy of political parties. In Bolivia, Peru, Argentina, Chile, Ecuador, and Guatemala, *strong* confidence in political parties is significantly low, ranging from 1.6 percent to 2.89 percent. In the middle of the Latin American spectrum, Colombia, Mexico, Brazil, Paraguay, Panama, and Costa Rica report an average of approximately 3 percent of the respondents expressing *strong* confidence in political parties. Nicaragua, El Salvador, Dominican Republic, Uruguay, Honduras and Venezuela present the higher percentage of respondents ranging from 5 percent to 7 percent approximately.

In terms of the percentage of respondents that express *strong* and *some* confidence in political parties, the groups of countries aforementioned hold, with some variance –like Chile and Mexico, that present significant increments raising them from the medium group to the highest group within the sample. This variation is important in two relevant analyses explaining the relationship between the legitimacy of the political party and political corruption. On the one hand, the percentage of respondents that expresses *some* confidence in political parties may play a more significant role in explaining political corruption than the percentage of citizens with strong confidence in the political parties, because it is among respondents that have some confidence where is located the retrospective vote. Expressing some confidence for political parties implies the necessity of having more cautions and then evaluative approach to the performance of public elected official once in office. On the other hand,

³⁰ Options to respondents are:

- [1] A lot
- [2] Some
- [3] A little
- [4] No confidence
- [8] Don't know (don't read)
- [0] No answer

strong confidence in political parties represents the extent to which citizens recognize political parties as the main route to access political power through the acquisition of the main offices within the political system. Therefore, democracies working through highly legitimized political parties are more likely to develop credible commitments from the electorate to elected public official in office in terms of effective sanction of political corruption.

Table 4.5: Average Legitimacy of Political Parties

Country	Strong Legitimacy of political parties_ % of high confidence	Some legitimacy of political parties % of some confidence
Argentina	1.66	14.84
Bolivia	1.60	14.46
Brazil	3.44	18.22
Chile	2.35	22.38
Colombia	3.15	17.98
Costa Rica	3.97	22.03
Ecuador	2.78	12.59
El Salvador	5.39	25.01
Guatemala	2.89	17.84
Honduras	6.77	21.81
Mexico	3.30	22.95
Nicaragua	5.03	18.02
Panama	3.74	21.24
Paraguay	3.45	19.36
Peru	1.62	15.83
Dominican Republic	5.49	29.20
Uruguay	5.68	35.81
Venezuela	7.09	24.36

Conversely, low legitimized political parties are more likely placed their members in public offices, using electoral machineries, based on a relative small portion of the electorate that have strong confidence in political parties. This electoral machineries work as suppliers of privilege for their supporters, rather than as representatives of a certain political platform or an specific ideology. In sum, within Latin American countries, Uruguay and the Dominican Republic have political parties with a significant level of legitimacy in contrast to countries such as Ecuador, Bolivia, Argentina, and Peru in

which the perception of political parties as strongly confident democratic organizations is below 2 percent of the population and at the level of some confident below 16 percent.

Variance in the citizens' confidence in political parties within countries across time is strongly important to determine the stability and institutionalization of political party systems. Payne, Zovatto and Díaz (2007) analysis of this component of the PPSI across Latin American countries reports a significant decline of approximately 14 percent from 1996 to 2004. At the same, exceptional behavior of countries such as Brazil, Venezuela, and Panama reports relatively stable levels of trust in political parties (Payne, Zovatto and Díaz 2007, 161). Between 1996 and 2010, Mexico and Nicaragua present a constant decrease on the percentage of citizens with *some* confidence in political parties. Chile presents a slight decrease in the percentage of citizens that have strong confidence in political parties and a significant and stronger decrease in terms of the percentage of respondents that express *some* confidence in political parties of around 10 percent. Argentina, during the last years of the 1990's presents a slight growth in terms of the percentage of respondents that have strong confidence in political parties. This trend is reversed during the 2000's at the point that in 2009 the percentage of respondents that have strong confidence in political parties decrease in almost a half of the initial measurement.³¹

However, the previously identified shrinking trend in terms of confidence in political parties is more erratic in recent years for countries such as Bolivia, Brazil, Ecuador, El Salvador, and Guatemala. For example, Bolivia shows a decreasing pattern of change in the percentage of respondents that have *strong* confidence in political parties, and a significant growth in terms of the percentage of respondents that have strong and some confidence in political parties yet not constant across time. Similarly, Brazil presents a relatively consistent, though marginal, growth in terms of the percentage of respondents that express *some* confidence in political parties. However, in terms of *strong* confidence in political parties,

³¹ Similar trend is depicted in the analysis of the Argentinean confidence in political parties under the criteria that includes respondents that have strong and some confidence in political parties.

the patterns is more erratic, showing a sudden increase from 1996 to 1997 and stabilizing around the 3 percent during the last years.

On the other hand, Costa Rica, the Dominican Republic, Uruguay, and Venezuela have relatively stable measurements of political parties legitimacy during the last 6 years. Costa Rica is one of the most constant percentages of confidence in political parties around the 22 percent in the measurement for *some* confidence and 4 percent for *high* confidence in political parties,³² and Uruguay reports a small increment.

While the decreasing trend of political parties' confidence is constant in some countries such as Peru, fluctuate trend in most Latin American countries in terms of this measurement may imply that the confidence in political parties largely reflect the personalistic approaches to the main political offices such as the presidency. Colombia is an intriguing country in terms of the legitimacy of the political parties. At both levels of measurement the tendencies fluctuate. A sudden and substantial increase of the percentage of citizens that have some confidence in political parties from 11 percent in 1996 to 30 percent in 1997 is reversed during the following years until 2004 year, increasing around 10 percent. Again this increase is reversed during the following years until 2009 in which the figure from 2008 to 2009 rose up to 5 percent. The described pattern reveals that these fluctuations correlate with the electoral calendar for presidency. In other cases in Latin America, the variance in the legitimacy of political parties also heavily depends on the popularity of the president and the political party that this represents. Moreover, in the Colombian case, the rise and consolidation of new political parties and the success of those alternative parties to win important offices in the political spectrum have increase the confidence on political parties as the main vehicle to attain political position. Those political alternatives, heavily depend on personalistic governments.

³² This country shows some peaks during 1998 and 1999 raising the 30 percent of the respondents in the measurement of *some* confidence and 10 percent in the measurement of *high* confidence.

Panama during the last six years changed the trend from increases to decreases. For example, respondents with some confidence in political parties growth in more than the 100 percent from 14 percent to 30 percent between 2003 to 2004, when the next year report and equivalent decrease falling to 12 percent. The similar pattern is replicated until 2009 year. The measurement of strong confidence in political party remains somehow constant around 4 percent of the citizens. Paraguay follows the decreasing pattern described by Jones et al. (2005) in terms of the *strong* confidence in political parties. However, in terms of the citizens reporting *some* confidence in political parties the percentage present a meaningful increase between 2008 and 2009 up to around 20 percent.

4.3.3. Party Organization

Party organization is the extent to which political parties have structures, able to identify and aggregate interests using loyalty and ideological identification. Well-organized political parties have set strong ties among political elites and public official in the legislature and bureaucracy. By building strong loyalty among these political actors, parties are able to implement strict rules of party discipline. On the other hand well-organized political parties are successful in label set of political ideals that allow strong party identification to citizens and the development of programmatic platforms. Furthermore, politicians are easily identify as part of a certain political party what impose high cost for those politicians who are willing to exit political parties as an strategy to maximize their private interest. Additionally, well-organized political parties are able to develop structure at national and local level creating coherence among politicians ruing under the label of a specific political party (Payne, Zovatto and Díaz 2007). Moreover, this component of political party system institutionalization implies that in well-organized political party systems, parties have developed strong labels that easily identify behavior and policy preferences of specific parties.

On the contrary, when party organization is weak, factionalism increase in terms of regional and ideological political contest. Simultaneously, political parties lose control over candidates selection,

members of political parties are more prone to lacking discipline once in office (Mainwaring and Scully 1995; 16).

Party organization is one of the most challenging components of the political party system index not only because of the difficulties in the operationalization of the concept, but also due to lack of data. According to Mainwaring and Scully (1995), “the ability of parties to survive a long time provides one possible indication that they have captured the long-term loyalties of some social groups” (13).

Originally, Mainwaring and Scully (1995) introduce this concept in the index of political party system institutionalization as part of the measurement of political parties’ roots in society. However, following Jones (2005) I introduce this measurement as a proxy for the component of party organization, arguing that in order to obtain this long-term effect regarding loyalty and surveillance, political parties develop strong organizational schemes that make possible a more fluid and constant communication to their supporters.

Information related to party age is provided by the World Bank as the “average of the ages of the 1st government party (1GOVAGE), 2nd government party (2GOVAGE), and 1st opposition party (1OPPAGE), or the subset of these for which age of party is known” (Keefer, 2012; 13). Table 4.6 provides the average of the political parties age per country between 1996 and 2009. Column labeled as ‘party age’ reflects the actual values provided by the World Bank in the Database of Political Institutions. Column named ‘party age percentage’ present the equitable information in an scale from “0” to “100” in which I calculate the percentage of party age in relation to the maximum value within the sample analyzed, that correspond to Colombia with a average party age of 191 years.

Table 4.6: Average Political Parties Organization

Country	Party Age	Party age % (max in LA sample)
Argentina	22.71	11.89
Bolivia	16.20	8.48
Brazil	18.40	8.89
Chile	16.00	8.38

Colombia	137.21	71.84
Costa Rica	33.86	17.73
Ecuador	25.18	13.19
El Salvador	24.03	12.58
Guatemala	10.17	5.32
Honduras	95.94	50.23
Mexico	46.26	24.22
Nicaragua	31.80	16.65
Panama	14.87	7.78
Paraguay	49.94	26.14
Peru	30.46	15.95
Dominican Republic	46.14	24.16
Uruguay	104.43	51.09
Venezuela	28.75	15.05

According to the results, Guatemala, Panama, Chile, Bolivia and Brazil report the youngest political parties across Latin American countries ranging from 10 to 18 years. In contrast, countries such as Colombia, Uruguay and Honduras have the oldest political parties in power, ranging from 95 to 137 years in average. The historical tendencies of this measurement are important in the analysis of the impact of political party organization and political corruption.

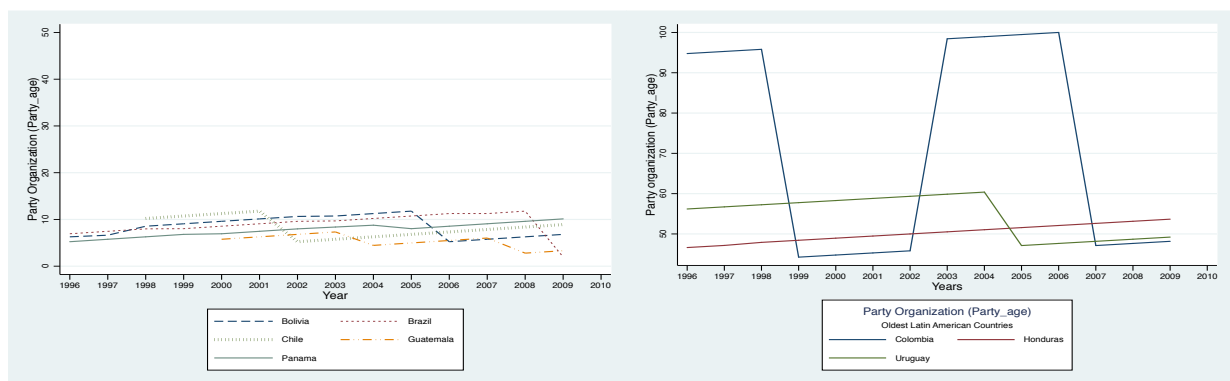


Figure 4.6. Party Organization (Party Age)

Figure 4.6 graphs the countries with the lowest percentage of years within each democratic system. In this graph, Brazil shows a particular trend in which the percentage of party age considerably decreases since 2008. This sudden decrease in the average of party age reflects the entrance of new political parties with success in achieving executive and legislative offices.

Also, Figure 4.6 shows tendencies in terms of party age for the countries with the oldest political parties. In this figure, while Honduras maintain a constant rate of growth, Colombia and Uruguay show deep changes being Colombia the most dramatic case in which during the period between 1999 and 2002 the average of party age decrease in more than 40 percent. This pattern follows a subsequent increase between 2002 and 2003 constant until 2006, year in which the percentage of party age droops again significantly in more than 40 percent.

4.3.4. Political Party System Institutionalization Index

The aggregate index of political party system institutionalization encompasses the measurements above described for each one of the four components of PPSI –stability of inter-party competition, political parties’ roots in society, legitimacy of political parties and parties organization. To make the components comparable, individual scores are presented in percentages. Therefore, to calculate the index of PPSI for each country in the sample, I took the raw value for each measurement within the four components and rescaled from “0” to “100” where “0” refers to the lowest levels of PPSI and “100” indicates the highest level of PPSI. For example, while components of political parties’ roots in society and legitimacy of political parties are presented in percentages, I rescaled party organization that was originally provided in terms of years. As was explained in the previous subsection, the party organization component was re-escalated based on the maximum value for the data available within the Latin American countries sample. Additionally, to aggregate the components I inverted the values of electoral volatility –stability of inter-party competition, indicating higher stability with lower electoral volatility and vice-versa. Therefore, the higher the value in terms of electoral volatility, the lower the level of stability in inter-party competition reported for each country in the sample. Following this process the index adjudicates equal weight to each one of the components.

Components of party’ roots in society and legitimacy of political parties were calculated in two different levels according to the degree of party identification and confidence in political parties reported

by respondents of the *Latinobarómetro* respectively. First, the PPSI index includes the measurement for party' roots in society and legitimacy of political parties using the percentage of respondents that express strong party identification and high confidence in political party. Table 4.7 shows the correlation among the four components of the PPSI index measure at the strict criterion. The low levels of correlation indicates that each component of the index capture a different reality. Moreover, the positive correlation indicates that the components move in the same direction.

Table 4.7: Correlation of PPSI Components: Strict Criterion

Components of the Political party system institutionalization index	Inter-party competition	Roots in Society	Legitimacy of political party	Party Organization
Inter-party competition	1.0000			
Roots in Society	0.1417	1.0000		
Legitimacy of political party	0.2666	0.4678	1.0000	
Party Organization	0.2858	0.2573	0.1789	1.0000

Second, the PPSI index measured at the flexible criterion includes measurement for party' roots in society and legitimacy of political parties using the percentage of respondents that express strong and some party identification and high and some confidence in political party. Latter in this study the first measurement described is named the strict PPSI index and the second measurement of PPSI is named flexible. Table 4.9 shows the correlation among the four components of the PPSI index at the flexible level of measurement. The information reported in this table is consistent with the strict criterion as the correlations are low and positives.

Table 4.8: Correlation of PPSI Components: Flexible Criterion

Components of the Political party system institutionalization index	Inter-party competition	Roots in Society	Legitimacy of political party	Party Organization
Inter-party competition	1.0000			
Roots in Society	0.2008	1.0000		
Legitimacy of political party	0.3287	0.3957	1.0000	
Party Organization	0.2858	0.2663	0.1801	1.0000

According to strict PPSI, in average Argentina, Bolivia, Guatemala, and Peru are the least institutionalized political parties systems across Latin America, while Colombia, Uruguay, and

Honduras are the most institutionalized. Hence, flexible PPSI index depicts a substantial correlation in the classification of Latin American countries at the top and bottom of the scale of PPSI. PPSI index at strict and flexible level are present in Table 4.10. Countries such as Chile and Costa Rica, placed consistently at the top 50 least corrupt countries in the world, remain in the middle top in the PPSI. As is pointed out by Payne, Zovatto and Díaz (2007), measurement of PPSI in Chile is relatively lower than expected in terms of two components parties' roots in society (party identification) and legitimacy of political parties (confidence in political parties). This situation is partly explained by the coalitional structure of the political party system that may smooth the impact of the salience of parties in Chilean politics (Payne, Zovatto and Díaz 2007,168).

Additionally, analysis of the historical trends of the PPSI index enlightens the understanding of political corruption in the region. While in overall the region presents a consistent deinstitutionalization mainly driven by decreasing levels of institutionalization in Argentina, Colombia, Costa Rica, Ecuador, Uruguay, and to some extent Chile and Mexico, Bolivia, El Salvador, and Nicaragua show the opposite tendencies achieving higher levels of institutionalization. On the other hand, countries such as Brazil, Guatemala, Honduras, Panama, Paraguay, Peru, the Dominican Republic and Venezuela report more stable patterns within the time analyzed. Table 4.9 summarized the average of the political party system index for Latin American countries at both levels of measurements.

Table 4.9: Political Party System Index for Latin American Countries

	Political Party System Institutionalization (High criterion)	Political Party System Institutionalization (High and flexible criteria)
Argentina	13.55	18.18
Bolivia	14.96	19.83
Brazil	24.13	29.33
Chile	26.60	33.13
Colombia	37.77	43.69
Costa Rica	25.43	31.72
Ecuador	20.43	24.74
El Salvador	27.74	34.77

Guatemala	15.93	20.19
Honduras	40.47	46.75
Mexico	28.20	34.58
Nicaragua	20.24	26.20
Panama	24.17	31.80
Paraguay	29.46	39.27
Peru	18.25	22.83
Dominican Republic	31,69	42,93
Uruguay	38,95	51,35
Venezuela	22,73	29,45

In sum, political party system institutionalization encompasses the mechanisms identified in the theoretical framework of this study related to the role of political parties in the principal-agent relationship between voters and elected public officials. The main argument of this study suggests that more institutionalized political party systems create incentives and opportunity for political parties to provide low cost information to voters. Therefore, citizens are more likely to sanction politically corrupt behavior of elected public officials. Incentives of political parties to provide low cost information to citizens and to monitor the opposition are related to the relative cost of corruption in the individual maximization of interest for elected public officials. When in weak institutionalized political party systems electoral sanctions from the voters to candidates for committed corrupt actions are non-consistent, eventually inexistent, the political cost for use corrupt means to achieve personal benefits are relatively small.

Ceteris paribus, strong institutionalized system increases the political cost of the use of corruption, as it is more likely that citizens' retrospective voting effectively select candidates with cleaner record. Furthermore, the opportunity for political parties to control corrupt behaviors among their member and denounce corruption in the opposition increases in institutionalized political party systems, as under this conditions political parties are stronger, therefore more able to impose discipline and directly intervene in the selection of candidates.

4.4. Control Variables

In order to place the causal relationship proposed in this study between PPSI and political corruption among competing hypotheses discussed in the political corruption relevant literature, I include economic, political, and cultural variables, following the operationalization introduced by Jong-sung and Khagram (2005). This study includes as economic variables: measurements of income as an indicator of economic development, trade openness, inflation and income inequality. Economic development is measured as the natural log of gross domestic product (GDP) per capita constant at 2.000 dollars. This variable range between \$692.198 and \$1,0749.32. Taking this into account the sample of Latin American countries are representatives of developing countries and the inference of the statistical model may be restricted to this category of countries. Trade openness is measured as the natural log of trade present as the total of exports and imports including goods and services measured as the percentage of the GDP. Inflation is measured as the consumer price index based on “the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly.” (World Bank, 2013). Governmental expenditures is measured as the general government final consumption expenditure that includes all government current expenditures for purchases of goods and services.³³ This variable is calculated by the natural log of the governmental expenditures as percentage of the GDP from the World Development Indicators (WDI). Ranges for trade openness, inflation and governmental expenditures also indicate the restriction of the inferential capacity of this study in terms of the characterization of developing countries.

Income inequality is measured by the Gini index, that represents “the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution” (World Bank, 2013). The Gini index range from “0” to “100” in which “0” represents perfect equality, and “100” indicates perfect inequality.

³³ The measurement provide by the World Bank includes compensation of employees and most expenditures on national defense and security, except for the government military expenditures.

Political variables in the model include the measurement of democracy and rule of law.

Democracy is measured using the variable Polity2 that present the level of democracy of a country combining measurements of two dimensions ‘democracy’ and ‘autocracy’ and fixing the score within the conventional scale of polity scores that range, from “-10” to “+10” in which “-10” refers to a perfect autocratic politic and “+10” a perfect democratic polity.³⁴ (Marshall, Jaggers and Gurr, 2011). The rule of law is measured using the variable ‘Law and Order’ provided by ICRG in which it is assess the strength and impartiality of the legal system, and popular observance of the law. This two conditions are measure in independent subcomponents each one whit a maximum score of “3” and a minimum of “0” (ICRG; 33). The final scale for this variable range from “0” to “6” in which “0” indicates the lower the risk and “6” the higher the risk of a weak rule of law, and the higher the risk point total the stronger the rule of law.

Additionally, this analysis includes as a cultural variable the organization civil society. The strength and organization of the civil society is measured using the press censorship as a proxy. Measurement of the press censorship is provided by Freedom House in which countries are given a score from “0” to “100”, being the lower the score the more protected the individual right of expression. All independent and control variables included in this analysis are lagged.

Table 4.10. Summary Statistic of Independent and Control Variables

	Mean	Standard error	Min	Max
Index PPI strict	25.74502	8.587461	2.37	49.72
Index PPI flexible	32.26802	10.11826	7.98	58.34
Stability inter-party comp	70.94567	18.60368	6.809338	97.5
Roots in society Strong Party ID	6.231328	4.568437	1.1	21.7
Roots in society some	15.839	10.19004	4.12	58.16

³⁴ POLITY2 Revised Combined Polity Score is a modified version of the POLITY variable that facilitates the use of the POLITY regime measure in time-series analyses. It modifies the combined annual POLITY score by applying a simple treatment, or “fix,” to convert instances of “standardized authority scores” (i.e., -66, -77, and -88). To further information see (Marshall, Jaggers and Gurr, 2011)

Party ID				
Legitimacy PP high	3.802213	2.600946	.17	18.35
Legitimacy PP Some	20.49734	8.53153	4.58	47.86
Party organization	22.21976	19.53911	1.973132	100
GDP per capita constant	3487.884	2204.379	692.198	10749.32
GINI	52.38599	4.874107	34.78	62.78
Inflation	8.800533	9.736918	-1.166895	96.09411
Trade openness	66.33868	31.70957	14.93285	175.8102
Government size	12.10898	3.389912	4.787428	22.73445
Democracy	7.845238	1.529217	1	10
Press censorship	41.67063	13.16334	14	75
Rule of law	2.92005	1.000326	1	5

4.5. Methodology and Empirical Results

I use a time-series cross-section analysis with panel-corrected standard errors to test the hypothesis argued in chapter three. Using a time-series cross-section analysis implies the necessity to correct for autocorrelation and heteroscedasticity. Taking into account that ordinary least squares (OLS) regressions do not account for temporal and spatial correlation among observations (Becks and Katz 1995), this study uses panel-corrected standard error (PCSE) estimates for linear cross-sectional time-series models, where the parameters are estimated by OLS. This method calculates the standard errors and the variance-covariance estimates, assuming that the disturbances are, by default, heteroskedastic and contemporaneously correlated across panels. Additionally, I use a lagged dependent variable to correct for autocorrelation.

This study provides four basic models to assess the hypothesis on PPSI and political corruption. Model one includes the regression of the index of institutionalization of political party system on the perception of political corruption using the strict measurement of the mentioned index. Model two presents the results for the regression of the index of institutionalization of political party system on the perception of political corruption using the flexible measurement of the mentioned index. Model three regresses all four components of PPSI using the strict criterion to measure parties' roots in society and legitimacy of political parties. Model four regresses the components of PPSI using the flexible

measurement for parties' roots in society and legitimacy of political parties. All models include control variables for economic development such as income, trade openness, and income inequality, in order to observe whether or not the significance of the democratic institutional variable of PPSI is held. On the other hand, this study incorporates other alternative explanations for political corruption proposed in the relevant literature generating a model such as democracy, governmental size, rule of law and freedom of the press.

Table 4.11. Panel-corrected Standard Error (PCSE) Regression Results of Political Corruption, 1996-2010 Using the Index of Political Party System Institutionalization

Variables	<i>World Bank Corruption Index</i>			
	Model 1 (Strict Criterion)	Model 2 (Flexible Criterion)	Model 3 (Strict Criterion)	Model 4 (Flexible Criterion)
Lagged Corruption	.8338857***	.8299509 ***	.8371032***	.8584674***
Index PPSI strict	-.0033908**			
Index PPSI flexible		-.0027036**		
Stability inter-party comp			-.0011745**	-.0009894***
Roots in society Strong Party ID			.005196**	
Roots in society some Party ID				.0001028
Legitimacy PP high			-.0020016	
Legitimacy PP Some				.000622
Party organization			-.0011478*	-.0009956
Log_GDP pp	-.1068988***	-.1002145***	-.0421728**	-.0407866**
GINI	-.0042639	-.0044649	-.0016331	-.0015309
Log_Inflation	.0030412	.0036275	.0213801	.0064394
Log_Trade openness	.1100674	.1037572	.0213801	.0267989
Log_Government size	.0393393	.0366813	.0691217	.0466672
Democracy	-.0151466	-.013332	-.0270963	-.0223167
Press censorship	.0042907 **	.0041881**	.0055067**	.0051509**
Rule of law	.0227255	.0233945	.0448483	-.0015309
Constant	-.2511499	-.2249144	.1566477	.1428719
Obs.	89	89	89	89
Prob > chi2	0.0000	0.0000	0.0000	0.0000
R ²	0.9627	0.9624	0.9622	0.9612

*** $p < .01$, two-tailed test. ** $p < .05$, two-tailed test. * $p < .10$, two-tailed test

Table 4.11 shows the results for four models using linear regression with panel-corrected standard errors. In model one and two the PPSI index at the strict and flexible measurement are significant and negative. This result provides strong evidence for the hypothesized relationship between

political party system institutionalization and political corruption. On the other hand the analysis of the impact of each one of the PPSI components on political corruption indicates that only the coefficient that measures the impact of stability of inter-party competition, party's roots in society is consistently significant in both, model three and four. In detail, model three and four indicate that legitimacy of political parties is not statistically significant using the measurement of strong party identification or high confidence in political parties. In model three party organization are significant as expected. Particularly the component of parties' roots in society is statistically significant however indicates the opposite relationship than the expected. Similarly, model four shows that parties' roots in society and legitimacy of the political party, measure in terms of some party identification and some confidence in political parties are not significant in this model.

Overall, the evidence provided in this chapter determines that whether or not political party systems are institutionalized is a significant factor to determine the likelihood of political corruption, substantially and statistically. The aggregate effect of the composite index does have a relevant effect even when taking into account different levels of measurement –strict and flexible. Figure 4.7 shows the predicted line of the marginal effect of political party system institutionalization using both measurements the strict and the flexible criteria of the model 1 and 2 respectively.

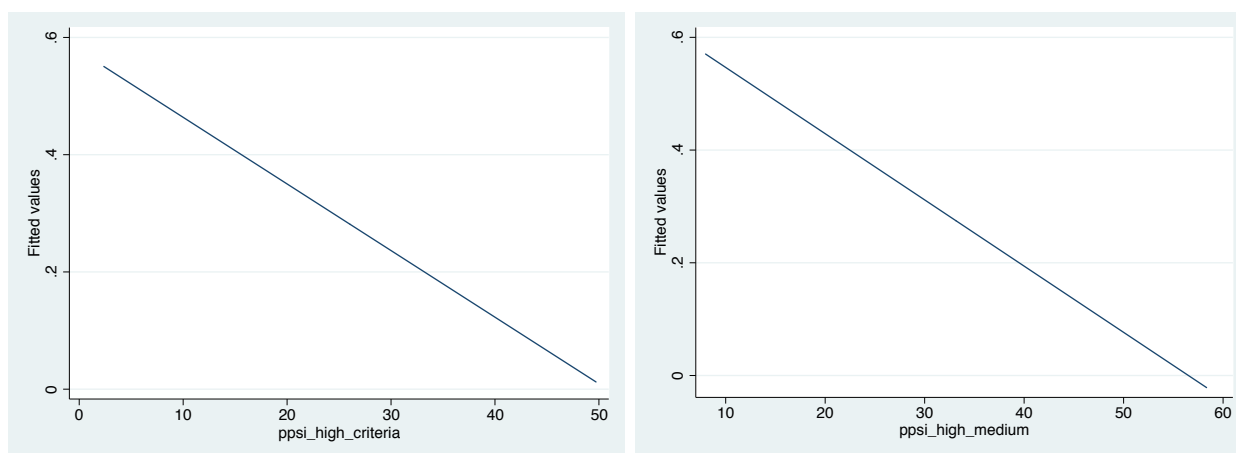


Figure 4.7. Marginal Effect of Political Party System Institutionalization on Political Corruption with 95% Confidence Interval

On the contrary, components of PPSI independently have a differentiate direct effect on political corruption. In model 3, stability of inter-party competition has a negative and significant effect on political corruption with a confident interval of 95 percent, while party organization has a negative and significant effect only at 90 percent of confidence. Contrary to the theoretical expectations, political parties' roots in society have a positive and significant effect on political corruption while analyzed as an independent variable. According to the hypothesis argued in the previous chapter of this study, levels of confidence on political parties and party' identification are important to control political corruption only in the case in which the inter-party competition and the party organization provide the necessary conditions for retrospective voting: low cost information and monitoring of the opposition. Elected public officials reduce their cost of using corruption as a mechanism to enhance their private interests when non-institutionalized political party systems do not force political parties to define their political strategies based on long-term horizon goals. Knowing that the likelihood of being legally or politically punished is low reduces the risk of facing the potential cost of corruption, therefore increasing the relative benefits of using political corruption.

Particularly, non-institutionalized political party systems in which stability of inter-party competition is low and political parties are weakly organized make political parties less prone to develop a strong goodwill around party brands. Consequently, lack or weakness of the electorate's credible commitments toward the sanction of politician performances make political parties more likely to compete without the development of a stable political platform, or political capital (votes and partisan identification). In this scenario, attaining personal benefits by using corrupt means is less costly, thus more likely.

In Model 4, in which roots in society, measured as the percentage of respondents that feel *strong* and *fairly* close to the political parties, and legitimacy of political parties, measured as the percentage of respondents that have *strong* and *some* confidence in political parties, the statistical significance of the

components vary. While the significance of the stability in inter-party competition held the model specification, the remaining three components have not statistical significance. In this particular case the lack of independent effect of the components related to roots in society and legitimacy of the political parties may be explained by the negative effect that political corruption may have in the perception of political parties as corrupt actors. Indeed, while citizens attribute responsibility of the political corruption to the political parties the confidence and the roots in society of the political parties tend to weakening.

Similarly, potential democratic control of political corruption are more related to the level of PPSI than with the level of democracy measured by qualities of executive recruitment, constraints on executive authority, and political competition as in PolityIV database. This explains the lack of significant for this variable in the different models presented in this chapter. Therefore, effectiveness of democratic controls for political corruption are more related to the specificities of the political parties strategies within the electoral competition.

Moreover, the significance of the freedom of the press, introduced in this study as a proxy for the strength and organizational capacities of the civil society, reinforces the identified role of political accountability and political party system institutionalization controlling political corruption within democracies. Taking into account that the lowest scores in the scale that measures freedom of the press indicate the freer exercise of the right to express through the media, the positive and significant coefficient for this variable a cross different model specification indicate the strong impact of this variable in controlling corruption. Some scholars argue that strong civic society may arise as a response of political parties ineffectiveness to address major social, economic or cultural concerns. On the contrary, this study suggests that while the media reinforce issues highlighted by civil society organizations, well-organized civil society within institutionalized political parties system are more effective in controlling corruption as bring information and facilitates the role of strong political party in

process of political accountability and competition. However, further study must explore this interactive effect between freedom of the press and political party institutionalization on political corruption.

Consistent with the expectations formulated in the theoretical framework in regard to the role and effect of the judiciary in controlling corruption, lack of significance across models provides some evidence to the limitations of the judiciary controlling political corruption. As political and judicial sanctioning of corrupt acts works in most cases independently, in democracies with a weak judicial system, corruption may be deterred by the political eventual cost that elected public officials face in terms of the possibility of being reelected or postulated to a different public office. Even though the judicial system is weak, while elected public officials are still under strict monitoring of well-organized opposition and the media have significant freedom, they choose to be cleaner and more transparent as a result of the inclusion of the eventual political cost of using corruption in their decision-making process. Finally, economic development measured in terms of GDP shows the expected effect on political corruption while economic inequality, inflation, trade openness and governmental size do not have a statistically significant effect on political corruption.

Colombia

Findings reported in the previous chapter provide strong evidence for the hypothesized causal relationship between political party system institutionalization and political corruption. The case study on Colombia allows the understanding of the mechanism argued in the theoretical framework (Chapter 3). Particularly, to the understanding of political corruption and its hypothesized relationship with the PPSI is relevant to analyze Colombia as the country that have been experienced the most drastically deinstitutionalization within the analyzed Latin American sample, reporting relative high levels of political corruption. The time period proposed is limited by the data availability, especially in relation to the measurement of political corruption as explained in this chapter.

In this chapter, I explore some intriguing facets of the Colombian case. Colombia is not an exception for generalized political corruption among Latin American countries. Indeed, Colombia is consistently classified as a highly corrupt country across different measurements of corruption in the region. Disaggregating the perception of corruption within the Colombian democratic system, political parties and the legislature are identified as the most corrupt institutions with a score of “4.2” in a scale from “1” to “5” in which “5” is extremely corrupt according to the Global Corruption Barometer 2010/2011. In addition, 46 percent of the respondents of this survey find ineffective the current government actions in the fight against corruption, and 56 percent of respondents perceive an increase in corruption. Furthermore, deinstitutionalization of the Colombian political party system dates back to the late 1980’s and reached the lower point between 2005 to 2007, as depicted in Figure 5.1. the Colombian case is interesting to analyze because it has experience the most severe case of political party system deinstitutionalization within the region.

Colombia follows the identified negative relationship between PPSI and political corruption for the 2002-2005 period of time. However, the increased corruption during the last four years of the 2000s is contrary to the expectations. While measurement of political corruption increases, there is a partial,

yet relevant increment of PPSI. To explain these trends, I first describe the scenario of political party system institutionalization from a historical perspective, identifying the major changes in the political party system and their impact on political corruption. Second, I describe the nexus between political party systems and political corruption within the case of the *Yidispolitics*, briefly mentioned in the introduction.

Figure 5.1. Historical Trends for Colombian Political Party System Institutionalization and Political Corruption



5.1. Political Party System Deinstitutionalization in Colombia

Mainwaring and Scully (1995) classify the Colombian political party system as institutionalized. Within the same study, Archer (1995) analyzes the historical roots of this institutionalization, the impact of the National Front and violence on the political party system, and its effects on the consolidation and functioning of democracy. Historical roots of political parties strength in Colombia, indicate the incentives for traditional parties to rely on political corruption, to build party identification and loyalty. This factor inhibits the expected impact of strong political parties on political accountability and competition, therefore constraining its effects on deterring political corruption.

According to Archer (1995), before the mid-20th century, traditional political parties attempted to develop political identification among the growing middle class, students, workers and peasant movements. However, the fear of allowing the alternation in the dominance of political parties' elites,

partisan violence, the democratic breakdown under Rojas Pinilla's military dictatorship, the distorted democratic period of the National Front, and finally the transition from partisan to patronage mobilization impeded a successful transition of the political parties relationship with their supporters. These historical facts discouraged political party system institutionalization based on ideological political platforms but rather attained it based on *brokered clientelism*, with regional personalism, factionalism of traditional parties, and the use of patronage at the municipal level (Archer, 2005; 188).

In Colombia, the effect of political party institutionalization on political corruption is weaker due to the historical roots of the political parties' strength. Traditional political parties in Colombia have developed roots in society through the distribution of favors instead of the development of strong and coherent political platforms. This process is possible given the cooptation of the state structures by powerful political parties, a phenomenon that also have been observed in Venezuela,³⁵ and Mexico. In particular, the success of Colombian traditional political parties accessing and maintaining public offices is explained by formal and informal constraints in the political competition inherited from the mid-twentieth century partisan violence and the National Front period, when traditional Liberal and Conservative parties alternated the presidency during 14 years.

This situation is gradually and consistently changed after the implementation of decentralization and electoral reform included in the 1991 Constitution. The mentioned reforms reduced the leverage of local politicians in the distribution of state resources and the dependence of local politicians to the political and financial support of political parties. As a consequence, the incentives provided for political parties towards politicians are seriously reduced in the same way that the capabilities of political parties reduce party cohesion and discipline (Dargent and Muñoz, 2001). Specifically, Pachón and Shugart analyze the impact of the change of electoral formula on inter-party and intra-party competition, which

³⁵ Analyzing similar features of traditional political parties in Venezuela (Acción Democrática and COPEI), Coppedge (2005) identifies that 'partyarchy' "permitted corruption and made it more tolerable by institutionalizing impunity"(Coppedge, 2005: 311)

was implemented in 2006. The authors argue that the reduced number of micro-parties accompanied by an increase intra-party competition in larger districts helps to reduce levels of political corruption by reducing the captive votes of the voters driven by the patronage relationship of traditional parties (2010; 659).

While, under Archer's criteria (1995), the Colombian regime is classified as a democracy, even during the period of the National Front, the effects of political party institutionalization on political corruption are seriously constrained by the formal and informal restrictions to political participation and political competition. While aforementioned limitations are not sufficient, according to Archer, to classify Colombia as a non-democratic regime, their influence still have a major impact on the Colombian political party system, and therefore, on the likelihood of political corruption. Under an institutionalized political party system, traditional political parties –Liberal and Conservative, were characterized by having a “great electoral and affective strength with weak organizational and representational capacities” (Archer, 1995; 176). In this political context, parties' incentives to contribute in the political accountability process is limited, as their roots in society are built on patronage rather than on the development of a political platform that brings clarity in partisan identification, which would facilitate retrospective voting.

Moreover, while political parties remain important actors in the functioning of Colombian democracy, their strength is more related to the rise of personalistic members at national and local levels, rather than to party discipline or capability of the political parties to select candidates. These elements clearly reduce the transferability of the cost of corruption from the elected public official to the political party, both from the electorate and within political parties.

As discussed in Chapter 1, deinstitutionalization of the political party systems is in overall a regional tendency during the last decade. Mainwaring and Scully (1995) discuss five factors that have shaped and reshaped PPSI in Latin America: the democratization process during the 1980's; the

generalized economic crisis of 1980's; the need of the reformulation of the left after the failure and limitations exemplified in the USSR; and the impact of the media, in particular TV, on the definition of the political game (Mainwaring and Scully, 1995:459). Mainwaring (1999) advances this analysis using a case study on the Brazilian political party system. He identifies three long-term factors that constitute the major obstacles to political party system institutionalization: structural factors, political elites, and formal institutions rules. Structural factors refer to the process of party consolidation in Latin America.

Contrary to the historical process of party formation in Western Europe, in which major social and economic cleavages created by the industrialization process determined political parties social-economic configuration, in Latin America, the late industrialization and the structural social fragmentation engender political parties based on clientelism and populism. Second, political factors such the Latin American preponderant role of the bureaucracy in the state building over the influence of political parties. Similarly, cultural aspects such as the personalism and the anti-organizational proclivities have also play a significant role shaping political party strength (Mainwaring, 1999; 221-223). Understanding the origins of the obstacles faced by Latin America to build strong political party systems, this study argues elected public officials have to heavily rely on corrupt mechanism to organize and maintain political support given the lack of party channels (Mainwaring and Scully, 1995; 5). This practice fosters overall political corruption. Yet institutionalized political party systems make political accountability effective against political corruption within democratic systems.

5.2. Old and New Political Parties in a Processes of Deinstitutionalization of the Political Party System: Political Corruption in the *Yidispolitics* Case

The analysis of the *Yidispolitics* case is analyzed through 12 categories provided in the Cases of Corruption Database from six Latin American countries developed by the Program of Democracy and Human Rights of the Center of Human Rights (Programa Democracia y Derechos Humanos del Centro de Derechos Humanos), hosted by the University of Chile. The mentioned database compiles corruption

cases with social relevance³⁶ in Argentina, Brazil, Colombia, Chile, México and Peru between 1998 and 2008. The categories analyzed are: the description of the reproachable conduct, the legal treatment (legal or illegal), the status of legal procedure (active/concluded), actors and hierarchy, the public office, the victims and the economic sector related to the corrupt act. According to the methodology of this database, an act of corruption implies “the existence of a reproachable case (illegal or not) to obtain or facilitate a private benefit against the public democratic ethic that includes at least one public actor” (Centro de Derechos Humanos 2010; 2).³⁷ The use of this database is appropriate to test the relationship between PPSI and political corruption as the social relevance used as a criterion to select the cases of corruption, helps to create the best scenario in which the process of political accountability and political competition may generate incentives and opportunities for both political parties and public officials, to use corruptions as a valuable political strategy.

Furthermore, the case analysis answers the following three questions. First, to what extent does the political party system play a role in defining incentives and opportunities of public officials to use corruption? Second, what are the roles of political parties within the country before, during, and after the corruption? Third, what are the limitations and advantages that the strength of political parties brings to control political corruption?

5.2.1. Incentives of Political Parties to Use Corruption

The democratic election of President Alvaro Uribe in 2002 is considered to indicate the breakdown of the dominance of traditional political parties in Colombia. As a former governor of Antioquia and senator, Uribe was elected under the Liberal Party, yet ran for the presidency as an independent. Failure of the Conservative incumbent President Andres Pastrana to attain an agreement process with the

³⁶ For more information related to the methodology to select the cases see “Metodología Base de Datos de Casos de Corrupción en 6 países de América Latina” http://transparenciacdh.uchile.cl/corrupcion/pdf/metodologia_base_corrupcion.pdf

³⁷ The original database is available only in Spanish, therefore, all translations included in this study were made by the author.

guerrilla group of Colombian Revolutionary Armed Forces (Fuerzas Armadas Revolucionarias de Colombia-FARC), in the national peace negotiation, delegitimized the Conservative Party. At the same time, the connections of Liberal candidate Horacio Serpa with the scandal of narco-trafficking funds leaking into the electoral campaign of former Liberal President Samper seriously undermined the party legitimacy (Vargas 2004, 86). These two major factors decisively affected the likelihood for an independent such as Uribe to achieve the highest political position in the country. Additionally, successful identification of major political concerns of the electorate defined the final turnout of the 2002 election. Indeed, President Uribe's campaign represented the popular concern about security and corruption. Uribe's proposals advocated for a strong military response to the growing revolutionary forces and promised strict control of corruption. This particular political setting allowed a candidate from a non-traditional political party to win the presidential election for the first time in the Colombian democratic history.

Latin American studies of neo-populist governments identified the capabilities of new political forces to overcome traditional electoral machineries in the ability to appeal to "sectors that are excluded from these organizations, such as the urban informal sector and the rural poor" (Weyland 1998; 114). Weyland suggests that neo-populism triggers corruption by justifying low levels of accountability and personalistic governments and by forcing personalistic political initiatives to finance costly campaigns, most of the times affordable by raising funds through corrupt means (1998, 114). "Uribismo" in Colombia is a case of neo-populism. As it is argued in this study, neo-populism in the Colombian case was possible after the deinstitutionalization of the political party system, and this was the origin of new mechanisms of corruption. Indeed, the decreasing tendency in Colombian corruption after 2002 must be partially explained for the process of political adaptation and political learning among new actors in the political party system by as well as by the impact of alternative causal mechanisms proposed by the relevant literature.

The political project proposed by Uribe was extremely popular in his first term during which he held more than 50 percent of favorability. However, serious questions arose in terms of its continuity at the end of his term. Colombian Constitution prohibited presidential reelection and the lack of a partisan organization gave an incentive to use corrupt means to force the approval of the reelection amendment. The *Yidispolitics* is the most representative example of the incentives of the political parties to use corruption within a process of deinstitutionalization of the political parties systems.

5.2.2. The Case:

In order to understand how the processes of the Colombian political party system deinstitutionalization created incentives and opportunities for corruption, it is necessary to understand the political context in which President Uribe and his political allies in the nascent party of the Democratic Unity (Partido de la Unidad democrática –U party) interacted with traditional political parties. Extraordinary levels of President Uribe’s popularity during the first two years in office created the political environment to launch a new political party within a highly fragmented political party system mainly dominated by the traditional political parties and their factions.

During the 2002 – 2006 legislature, the composition of the lower house changed significantly in terms of party affiliation of its members. The 2003 electoral reform allowed that around 40 percent of the representatives change their party affiliation at the end of the mentioned period. This transformation was heavily driven by the support of the executive in congress, which facilitated the migration from the traditional parties’ factions to the U party, which was still under construction (Giraldo and Lopez 2006; 128).

To formalize the new political force into a political party, the U party was formally created in 2005. This process would not be possible without the support of President Uribe and his popularity. However, those elements were not enough to ensure the endurance of the political

project. Uribe as the key actor for the new political force was unable to remain in the presidency because of the prohibition of reelection. Within the Colombian constitutional framework the more effective mechanism to reform the restrictions of reelection was the congress, yet weak party organization and lack of party discipline make this pathway highly uncertain. Consequently, the proposal for reelection was first submitted to the popular vote through a referendum. Politically, this alternative was the most feasible means to reform the Constitution, considering the wide margin of favorable views reported in several opinion polls results. However, the failure of the referendum to approve the constitutional amendment left the government with the necessity of proposing the reform through the Congress, finally facing its inherent political risk.

While the weakness and delegitimization of traditional political parties allowed the rise of Uribe, it was the lack of institutionalization of the new political force and fractionalized traditional parties that determined the incentives to use corrupt means to achieve their main objectives. Survival and consolidation of the new political force in a political party and survival of traditional parties were possible through the use of popular support for the new force and distributions of public resources. The *Yidispolitics* exposes, both incentives and opportunities, to use corruption in the context of political party system deinstitutionalization. Corruption is shaped under the legal proscription of bribery when two representatives of the lower house of the legislature received bribes in exchange for their votes. It is summarized in the Corruption Cases Database as follows:

“Uribe was reelected President of Colombia for the period 2006 – 2010 after reform the Constitution of Colombia, that prohibited presidential reelection. The approval of the reform was controversial in Congress because the House representatives Yidis Medina and Teodolindo Avendaño changed their decision at the last minute; Medina voted in favor of re-election after committing her vote against it, while Avendaño was absent from the voting. The scandal arose in April 2008, when “Noticias Uno” revealed a video in which Yidis Medina admitted to accepting bribes from some of the closest collaborators of President Uribe, Pretelt de la Vega, Minister of Interior and Justice and Diego Palacio, Social Security Minister, who claimed that Medina changed her vote in the First Committee of the House of Representatives in the legislative bill submission to the government to allow immediate presidential reelection (Centro de Derechos Humanos, Ficha No. 144, 2010).

The combined effect of deinstitutionalization of the political party system, weakening traditional political parties, with simultaneous neo-populism introduced with Uribe during his first campaign and his following first term as a president had two consequences. On the one hand, the weakness of the political project and the lack of party organization forced the nascent political party to negotiate with traditional political parties. Without majorities in the first term and after the failure of the popular referendum for the presidential reelection, negotiations with the traditional political parties implied the development of clientelistic ties. Moreover, given the rising popularity of the new political party, the leaders of the traditional parties were more prone to support key legislative proposals presented by the executive in exchange for participation in the bureaucratic distribution of bureaucratic positions and resources. While the new political party had the incentives to offer political benefits to traditional parties through corruption as a mean to achieve the constitutional amendment, delegitimized political parties also had great incentives to cooperate.

In response to Medina's allegations of bribery, President Uribe stated: "The national government persuades, but does not buy consciences. The government respects the right to participate, but does not tolerate corruption."³⁸ The scandal also involves legislator Teolindo Avendaño, who was absent on the day in which the amendment was voted and approved, and who, according to Yidis testimony, received for his absence a monetary compensation. The Supreme Court processed Yidis Medina and Teolindo Avendaño, finding them guilty of the crime of bribery.

Two contradictions result from this major scandal of corruption: the political and the legal. Politically, while in a democracy decisions adopted by the people are important limits to elected public officials performance, in Colombia the popular claim for sanctions to corrupt politicians did not deter the use of corruption in the enactment of the presidential reelection. In fact, the 2003 popular

³⁸ Sibundoy Putumayo, April 19 of 2008 (Consejo Comunal de Gobierno No. 196). In Spanish: "El Gobierno persuade, no presiona ni compra conciencias. El Gobierno respeta el derecho de la participación pero no tolera la corrupcion"

referendum did not succeed in approving the presidential reelection and approved only one of the multiple proposals: “political death for the corrupt”, and contrary to the popular mandate the U party and in particular President Uribe, as demonstrated by the *Yidispolitics* use rampant political corruption within the congress to allow it.

Legally, the crime of bribery for which Yidis Medina and Teolindo Avendaño were found guilty, according to the Colombian legislation, implies necessarily two parts: one that offers the bribe and the other who receives it. In this case, while Yidis Medina and Teolindo Avendaño were found guilty of receiving the bribes, Ministers Diego Palacios and Sabas Pretelt de la Vega were found innocent. Moreover, no other politician was found guilty of offering or giving the bribe. As it was stated in the opposition by Carlos Gaviria, president of the Alternative Democratic Pole (PDA): “it is like it was an uncle without a nephew.”³⁹

The aforementioned contradictions highlight two conditions that trigger political corruption within democratic systems. The political paradox echoes the lack of capacity of political institutions. While formally democratic systems are built on institutional controls, as I argued the level of political party system institutionalization (PPSI) shapes the incentive system of public officials as individuals, and political parties as organizations. The legal paradox reflects the lack of judicial capacity to punish political corruption. Hence, neither the preventive effect nor the punitive effect represents an obstacle to the public officials’ use of corrupt means to achieve their rent-seeking goals.⁴⁰ Both actors, indispensable for the functioning of democratic system, are constrained in institutionalized political party systems towards a cleaner exercise of power.

5.2.3. After corruption: Analysis of the Judicial and Political Control of Corruption

³⁹ Carlos Gaviria declared that “es como si hubiera un tío sin sobrino” (Jun, 25 of 2008) <http://www.colombia.com/actualidad/autonoticias/politica/2008/06/25/DetalleNoticia33327.asp>

⁴⁰ As in the case under analysis, the impunity in cases of political corruption fosters the self-perpetuating mechanism of the conduct significantly, increasing the likelihood of using corrupt means as higher the expectation of impunity. For further reference, see Ryan E. Carlin (2013).

Political control in non-institutionalized political party systems is significantly ineffective given the lack of organization of the opposition. In the Yidispolitics' case, third parties were unable to monitor and denounce bribes to alter the legislative decision of the presidential reelection. Given the levels of delegitimization of traditional parties, neither the Conservative nor the Liberal Party constitute an effective opposition. Instead of responding to the Uribe's phenomenon by holding his first term accountable and reorganizing their bases, traditional Liberal and Conservative parties ensured participation in the government through the enactment of the law No. 975 of 2005 more known as the Caucus Law (*ley de bancadas*). This legislation states that members of the Congress elected by the same political party have to vote legislative initiatives in bloc. Therefore, taking into account that the U party, which controlled the executive, required the favorable votes of traditional parties to pass its legislative initiatives they have strong incentives to take/receive bribes. By the 2006 presidential election, traditional parties have adapted to the new political environment, being the Conservative Party the most interesting case. While the Conservative Party did not present candidates for the presidential campaign, the Liberal Party only obtained the third place, allowing the Alternative Democratic Pole Party to win the second place. The opposition, was mainly represented by the Alternative Democratic Pole (Polo Democrático Alternativo), a relatively new political party that was still unorganized. Evidence of weakness in the opposition was revealed in the Yidispolitics case; the scandal arose from the media, more specifically from the discontent of the particular representative who felt betrayed. In fact, the corruption might have remained unknown to the public if Medina had received the promised bribe:

“The video was recorded in August 2004 but the then-congresswoman requested that it must be revealed only in case anything happened to her. Medina also authorized the publication of the video if she did not receive the agreement with the government in exchange for their vote” (Centro de Derechos Humanos, Ficha No. 144, 2010)

Moreover, the opposition was unable to politically translate the scandal of corruption into votes against

the new political party in the next elections. On the contrary, while in the 2006 elections, the emerging U party obtained 20 seats in the Senate and 33 seats in the Chamber of Representatives, in the following 2010 election this party not only retained the control of the executive with the election of President Santos, but also increased its participation in the legislature with 28 seats in the Senate and 47 seats in the Chamber of Representative (Political Database of the Americas). Accordingly, Vargas suggests that “the promotion of the consensualism between the fragmented political representation to build majorities, influenced for the symbolic intimidation of the *politiking* (politiquería), eliminate the consolidation of real political opposition, indispensable for a democracy, at the time that make unattainable the social opposition” (Vargas, 2004; 97).

The media have been important in identifying corruption in Colombia. As an example, socially relevant cases of political corruption have been denounce by the mass media. One example is the case of illegal telephonic and e-mail interception in which the Administrative Security Department (DAS) is accused of intercepting phone lines and emails to different public figures since 2000. The scandal began when *Revista Semana* a written-media week magazine, and *La W* a radio station, revealed that between April and May 2006, a pre-election period where President Uribe was campaigning for his first re-election, DAS intercepted more than 100 people. Prominent figures among these intercepted were presidential candidates, opposition members, judges of the Supreme Court of Justice, journalists, and others (Centro de Derechos Humanos, Ficha No. 135, 2010).

Additionally, the case of the ‘parapolitics’ (name created by the media to refer to the links between elected politicians and paramilitary groups, was uncovered by ‘*Noticias Uno*’ in November 2003. By broadcasting a video in which Governor of Casanare, Miguel Angel Perez appears receiving a large sum of money, presumably to finance his campaign for Governor. According to the information, that money was delivered in mid-October 2003 by Luis Martin Sexton aka "Fox", known to be the political spokesman of the paramilitary group led by alias "Martin Llanos" (Centro de Derechos

Humanos, Ficha No. 147, 2010). The scandal grew significantly when other elected public officials were investigated for similar links with this illegal armed group, including senators and house representatives that were denounced by the leaders of the Alternative Democratic Pole Party Clara López Obregón, and Senator Gustavo Petro. Salvatore Mancuso, leader of paramilitary armed groups confirmed in judicial testimony that more than 200 politicians and elected public officials had connections to the illegal group and financed political campaign with their support (Centro de Derechos Humanos, Ficha No. 156, 2010). In this case, political opposition was able to denounce corruption through the judiciary, only after the media uncovered the reproachable act of corruption. Moreover, taking into account the long periods that judicial procedures took in the case of ‘parapolitics’, a significant number of senators and house representatives were able to be reelected in the following legislative elections.

In the *Yidispolitics* judicial control was, as expected, extremely inefficient in sanctioning the corruption. Despite the fact that Yidis Medina was sentenced by the Supreme Court to 43 months in prison and a fine of 85 minimum wages for the crime of bribery itself, those whom offered the bribes were never condemned. Accused politicians, such as Pretelt de la Vega, Diego Palacio and Alberto Velázquez were exonerated in the disciplinary process when the prosecution argued lack of evidence and inconsistencies in Medina’s testimony (Centro de Derechos Humanos, Ficha No. 144, 2010).

Moreover, no other politicians have been condemned for this scandal. As discussed in Chapter 2, the literature explores the role of the rule of law in controlling corruption. In the *Yidispolitics* case, contradictions in the bribery legal treatment indicate lack of effectiveness to process key actors. While Medina and Avendaño were insignificant house representatives,⁴¹ the other involved parties were strongly supported by President Uribe. Disparities in the level of

⁴¹ Medina and Avendaño were the weakest due to their lack of experience in the congress –Medina won their position as the principal of her list was removed.

political influence or support definitely impact the risk of being processed by the judiciary. Indeed, Medina also denounced other senior government officials, who, according to her, also gave gifts to members of Congress to influence their votes. Among them were: Alberto Velazquez, General Secretary of the Presidency; Hernando Angarita, Deputy Minister of Interior and Justice, Jorge Noguera, Director of the Administrative Security Department and Jose Felix Lafaurie, Superintendent of Notaries and Registries” (Centro de Derechos Humanos, Ficha No. 144, 2010). The judiciary was unable to sanction the main actors of the corruption, those who offered the bribes, and rather only sanctioned those in the middle or low political positions. Delays in judicial identification of those who offered the bribes explained the difficulties in the sanction of political corruption in Colombia.

The problem of judicial control of corruption in Colombia is not related to the legal framework against corruption, but the possibility of improper, even illegal, political influence on judicial procedures and sanctioning. International organizations, such as the Organization of American States, Transparency International, the World Bank, the United Nations, and the Inter-American Development Bank, have been placing major efforts to control corruption by the introduction of normativity, aiming to enhance levels of transparency and accountability into the exercise of the public power. While in Colombia, aforementioned institutions are mainly focused on the development of legal frameworks to fight against political corruption, its effectiveness is still dubious, or at least not clearly identifiable (Hoggard 2004). As an example, the sample created by the University of Chile reports that all social relevant cases of corruption in Colombia were illegal conduct clearly proscribed in the legal system. Moreover, all cases were put on trial, although a significant number of judicial cases are not conclusive, denoting a significant delay between the date in which the corrupt act was committed and the imposition of a judicial sanction.

The hypothesized effect of political party system deinstitutionalization on political corruption largely explains, not only the Yidispolitics, but several cases of social relevant political corruption cases. Low levels of PPSI create incentives for elected public officials to use political corruption as a rational choice. However, due to historical roots of political party system institutionalization built on clientelistic ties, the interaction among components of party institutionalization have to be analyzed in its counterfactual consequences. Later fluctuations in levels of electoral volatility, as a measurement for stability of inter-party competition, indicate the openness of the political party system. As long as the entrance of the new party consolidates political opposition to traditional parties, developing political and ideological identification with their supporters, the transition will render political accountability. By contrast, if new political forces exchange their support with traditional parties using the same clientelistic practices, the resilience of traditional parties to survive will prevail. Openness of a more competitive political scenario is reflected in transitional declining levels of PPSI. Although its impact on political corruption may be positive or negative depending of their performance in the roots in society and legitimacy of political parties as the specific components of PPSI index.

Weakness of political parties within the Colombian democratic system engenders inefficient political opposition, explaining limited operation of vertical accountability. Openness of the party system toward the enhancement of democratic representation has increased the numbers of political parties since the adoption of the 1991 Constitution. However, the lack of party organization in the new political forces and a limited focus on territorial or ideological terms, have impede an increase in political accountability. Note that traditional Liberal and Conservative parties have been able to survive due to the captivation of state structures, while the value of political efforts to develop ideological platforms, construct effective communicative channels with their supporters, and establish long horizons strategies and a brand-name, persists to be low. However, given the entrance of the neo-populist government of President Uribe, significant changes in parties' political strategies have been part of the

political party struggle during the successive President Santos period in which the alliance of Liberal and Conservative with the U party is weakening. The process of deinstitutionalization of the political party system in Colombia introduce attractive incentives for the use of corruption.

Conclusions

The literature on political corruption have underestimated the causal role of political parties (Yadav, 2011; 191). While the studies of corruption are vast on the institutional perspective of democratic institutions measuring the impact of electoral systems, decentralization, presidential vs. parliamentary and democracy itself, they are relatively scarce in the analysis of political parties, particularly, in the identification of mechanisms of corruption. Moreover, the limited research developed on the relationship between political parties and political corruption presents intriguing contradictions. One branch of the literature suggests that having strong political parties within a democratic system decreases the likelihood of political corruption. This would be the because those strong political parties performance have more efficient controls both at the interior of the political structure by excluding politicians from the party, as well as in relation to other political parties by pointing out corrupt politicians in the opposition, as a successful strategy to appeal to voters support. Additionally, some literature agree that strong political parties serve to centralized then achieve scale economies in the extractions of benefits to fortify political campaigns.

On the other hand, authors such as Mueller (2006) point out that as a consequence of the broad and pervasive use of corruption, political parties may grown in both the structure and political capabilities rendering a party colonization of the state, in other words, they are able to capture state distribution of public resources and governmental services to ensure the self-perpetuating of clientelistic cycles and obtaining in exchanges votes, labor, money, strategic flexibility, and policy making capacity (Mueller, 2006; 190). Following this argument, Yadav (2011) argues that “far from lowering corruption by preventing corrupt behaviors by its members, party strengths allows party leaders to use party members and public officials more *creatively* and thus more *productively* to extract higher rent from their legislative process” (Yadav, 2001; 192).

However, by introducing nuances to the analysis of the impact of political party strength into the discussion of causal pathways of political corruption, this study found strong support for the relationship between institutionalized political party systems and lower levels of political corruption. Therefore, yet the strength of political parties as an independent variable may have contradictory effects on political corruption, while it is analyzed the impact of the political party as a system, symmetric strength among political parties introduces higher levels of political accountability and incentives for political parties to develop long-term horizons goals as this strategy is more effective to place winning candidates in public offices.

My empirical analysis provides strong evidence for the hypothesized relationship between PPSI and political corruption. The index of PPSI is statistically significant and indicates a negative and substantial impact of PPSI on corruption. Although the analysis of the independent effect of the four components of the PPSI index shows that the stability of inter-party competition is the only component that consistently presents statistical significance, the statistical significance of the aggregate index suggests that the hypothesized relationship of the political party system institutionalization on corruption is related to the overall stability of the political party system and not to the specific components independently except for the stability in inter-party competition. In addition, it is important to point out that the insignificance of the components related to roots in society and legitimacy of political parties may be analyzed independently, as a consequence of corruption and not as a cause. In this terms, higher levels of political corruption may have a negative relationship with the mentioned components because of the attribution of corruption to the political parties and politics in general.

Additionally, the significance of the suggested independent variable is not sensitive to the introduction of other factors in the model previously identified as determinant for relevant literature, such as democracy, economic development and freedom of the press.

While this thesis provides a new time-series dataset on political party system institutionalization that can be used in others studies related to this dimension of the political party system, some improvements can be added to its calculation to strength the quantitative analysis presented. First, in the operationalization of the stability of patterns in inter-party competition, measured as the electoral volatility in the lower chamber of the legislature, the data calculated in this thesis may be refined by incorporating the volatility of presidential elections. Second, in terms of the party organization, as long as party age is only a proxy to measure the organizational development of political parties, the operationalization of this component can be enhanced by assessing the elite opinion that their party is a continuously functioning organization, and not primarily and electoral vehicle as included in the measured reported for Payne, Zovatto and Díaz (2007), however the data source used in the mentioned study only provide information for one point in time where this thesis proposed a time-series analysis. Therefore, data is needed in order to better capture the level of party organization. Note that this is the first study that test the relationship between PPSI and political corruption

Consequently, this perspective is particularly useful to understand the controversial question of democratic studies in regard to: How democratic institutions affects corruption? Moreover, to what extend can high levels of corruption debilitate democratization processes? Identifying the causal relationships between political party system institutionalization and political corruption is a starting point for understanding the consequences of this phenomenon and the quality of the democracy on economic development. Finally, this analysis aims to make possible coherent public policies to control the phenomenon of the political corruption.

Given the contradictions in theoretical expectations of the relationship between the strength of political parties and its effect on political corruption, and particularly the correlation between party strength and political party system institutionalization, the hypothesized relationship between PPSI and political corruption must be tested in other statistical models. Specifically, a curvilinear relationship

needs to be explored. The suggested model may determine if the statistical significance of the linear model presented in this study capture only partially the aforementioned causal relationship.

Additionally, taking into account that the model assessed in this thesis provides support for a direct effect between freedom of the press and political corruption, further studies may focus on the possible interactive effect between this factor and political party system institutionalization in explaining political corruption. Effectiveness of the media in controlling political corruption may enhance the levels of political party systems institutionalization or mediated its effectiveness as political control. Especially, in the context of political institutionalized party system in which “the existence of an independent press, and honest elections; or internalized conceptions of public interest by a ruling group” political corruption within democratic system should be lower (Nye 1967, 424). The interactive effect may also explain findings reported for the Colombian case in which regardless of the denounces made by a relatively free mass media, political parties in the opposition were unable of capitalized the scandals of corruption to impose political sanctions to corrupt actors, whether by promoting the use of retrospective voting among their supporters or using legal mechanisms to depose elected public official using horizontal organisms of accountability available within the democratic institutional design.

There are also other interesting perspectives that should be included in future research of political corruption, such as the ideological strength of political parties, the clarity of the political platform of the political parties, policy effectiveness, the role of other alternative social organization of the civic society, and the impact of international actors such as NGOs.

While this study provides evidence for the effect of PPSI on political corruption, further research may explore the impact of historical transitions from one category to another. Institutionalization is a continuum scale, processes of deinstitutionalization or institutionalization may play a relevant role setting the conditions for both, the electoral competition and the political accountability. A dynamic interpretation of the impact of political party system institutionalization may introduced important

insights to the understanding of causal factors explaining the political corruption trends at the national and regional levels. In doing so, the Colombian case, analyzed in Chapter 5, provides interesting nuances on the understanding of the possible historical effects of processes of institutionalization and deinstitutionalization of the political party system. Despite of the significant process of deinstitutionalization experienced for this democracy over the last decade, comparatively Colombia may be classified as a relative institutionalized political party system.

Additionally, this study stand some theoretical limitations of the judicial control of political corruption. Accordantly, the quantitative analysis as well as the case analysis of Colombia find no evidence for a significant impact of the judiciary in controlling political corruption. Moreover, the direction of the interaction of judiciary strength and corruption is addressed by the fact that effectiveness of judicial control over corruption depends of its political context. The judiciary weakness is then a consequence of political corruption and not the opposite. One characteristic of corruption is that it is transversal and involves various levels of the society and the state organization. Thus, the functioning of the judicial branch is deeply compromised by those actors active subjects of corruption who through systematic and disproportionate use of political power given constrain the legitimate exercise of state punitive action. This condition is recognized in the Transparency International Annual Report 2010 as it is referred below:

“Corruption in the judiciary goes beyond the bribing of judges. Court personnel are paid off to slow down or speed up a trial, or to make a complaint go away. Judges are also subject to pressure from above, with legislators or the executive using their power to influence the judiciary, starting with skewed appointment processes. Citizens are often unaware of their rights, or, after so many negative experiences, to their fate before a corrupt court. Court efficiency is also crucial, as a serious backlog of cases creates opportunities for demanding unscheduled payments to fast-track a case” (Transparency International, 2010).

In sum, the political control of corruption is more relevant than the judiciary control in the understanding of the causal factors explaining the extension of the phenomenon among the Latin

American countries. Indeed, levels of political party system institutionalization define the political setting in which political accountability and competition operate. By determining the likelihood of accountability and competition, political party systems institutionalization introduces the incentives for the public officials to constrain their use of political corruption as a mechanism to maximize their individual interests. While the misuses of the political power entrusted to public officials, defined as illegal abuses against the public interests embraced in the public office, remain as a fruitful field for future research, this thesis provides evidence for the mechanisms in which non-institutionalized political party systems may deter it. First, it help to build on a theoretical framework that explains the interaction among different types of political accountability and specifically the role of political parties' strength in explaining the opportunities and incentives to use or allow the use of political corruption whereas from their own members or from the opposition. In doing so, identified that true the settle of credible commitments, both from the political parties and from the voters, democratic institutions such as the political party system institutionalization may explains the variance of political corruption among democratic systems. Second, this thesis provides evidence for the specific understanding of the contradictory results in the literature related to the impact of political party strength in controlling political corruption, by introducing a systemic level of analysis in which political party' strength is measured in terms of the depth of political parties' roots in society and the legitimacy of the political parties. As a consequence, the analysis of the role of political parties explaining political corruption depend not only in the strength of particular political parties within the system, but in the possibility of engender political accountability and competition.

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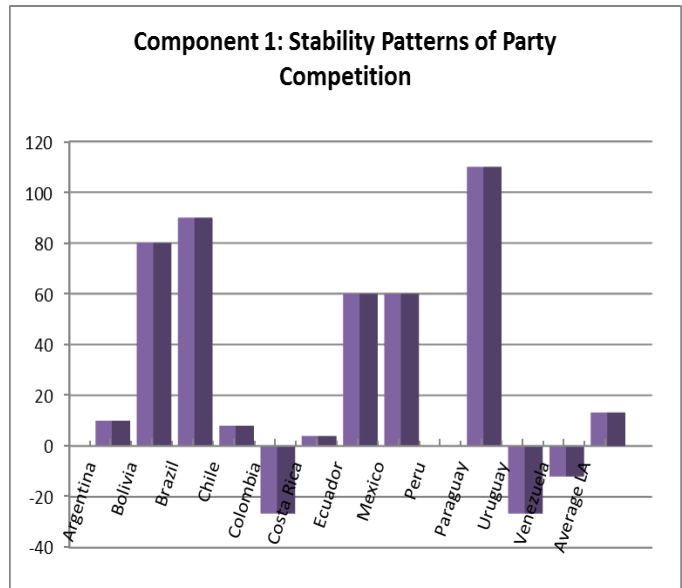
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Appendix 1. Data and Graphs components of Political Party System Institutionalization Index

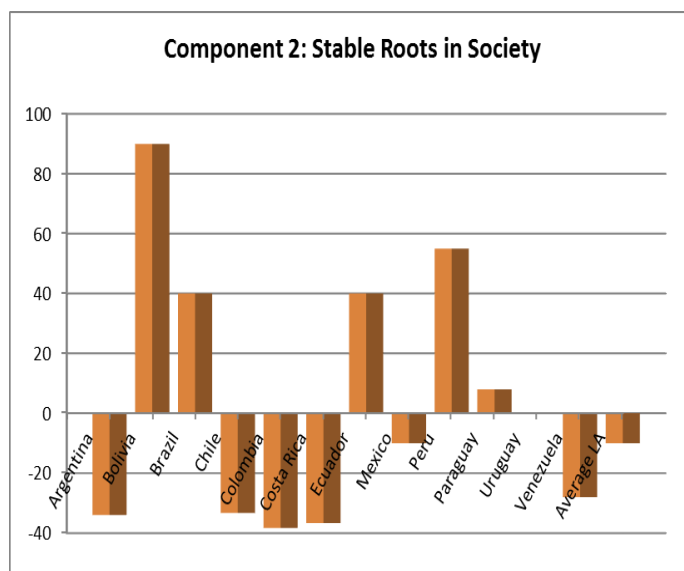
Disaggregated Political Party Institutionalization Index

Component 1: Stability Inter-party competition (Electoral Volatility)

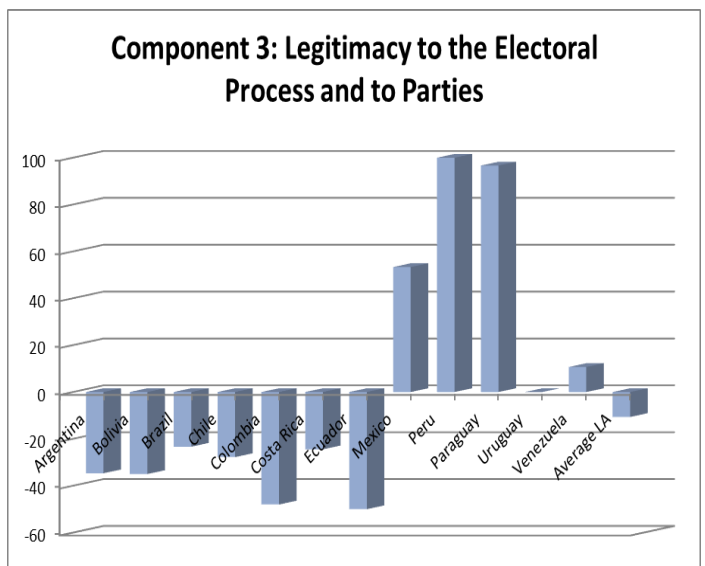
Country	1995	2005	Percentage of Change
Argentina	2	2.2	10%
Bolivia	1	1.8	80%
Brazil	1	1.9	90%
Chile	2.5	2.7	8%
Colombia	3	2.2	-26.66%
Costa Rica	2.5	2.6	4%
Ecuador	1	1.6	60%
Mexico	1.5	2.4	60%
Peru	1	1	0%
Paraguay	1	2.1	110%
Uruguay	3	2.2	-26.66%
Venezuela	2.5	2.2	-12%
Average LA	1.83	2.07	13.18%



Disaggregated Political Party Institutionalization Index					
Component 2:					
Country	1995	2005 *	2005 **	Average 2005	Percentage of Change
Argentina	2.5	2.3	1	1.65	-34%
Bolivia	1	2.2	1.6	1.9	90%
Brazil	1	1.8	1	1.4	40%
Chile	3	3	1	2	-33.33%
Colombia	3	1.9	1.8	1.85	-38.33%
Costa Rica	3	2.4	1.4	1.9	-36.66%
Ecuador	1	1.3	1.5	1.4	40%
Mexico	2.5	2.3	2.2	2.25	-10%
Peru	1	1.1	2	1.55	55%
Paraguay	2.5	2.4	3	2.7	8%
Uruguay	3	3	3	3	0%
Venezuela	2.5	1	2.6	1.8	-28%
Average LA	2.16	2.058	1.841667	1.95	-10%
*	Party system Stability				
**	Party Identification				



Disaggregated Political Party Institutionalization						
Component 3: Legitimacy to the Electoral Process and to Parties						
Country	1995	2005 *	2005 **	2005 ***	Average 2005	Percentage of Change
Argentina	2.5	1.4	2	1.5	1.633333	-34.66%
Bolivia	2	1.2	1.3	1.4	1.3	-35%
Brazil	2	1.6	1.4	1.6	1.533333	-23.33%
Chile	3	2	2.8	1.7	2.166667	-27.77%
Colombia	2.5	1.4	1	1.5	1.3	-48%
Costa Rica	3	2	2.7	2.1	2.266667	-24.44%
Ecuador	2	1	1	1	1	-50%
Mexico	1.5	2.3	1.7	2.9	2.3	53.33%
Peru	1	2	1.9	2.1	2	100%
Paraguay	1	2.2	1.7	2	1.966667	96.66%
Uruguay	3	3	3	3	3	0%
Venezuela	2.5	3	2.3	3	2.766667	10.66%
Average LA	2.16	1.925	1.9	1.98	1.93	-10.64%
*	Confidence Parties					
**	legitimacy of electoral processes					
***	Parties indispensable					



Appendix 2 Data Electoral Volatility

Country	Year	Electoral Volatility	Stability in Inter-party Competition
Argentina	2003	93,19066148	6,809338521
Argentina	2005	68,6770428	31,3229572
Argentina	2007	68,6770428	31,3229572
Argentina	2009	46,81525735	53,18474265
Bolivia	1997	50,76923077	49,23076923
Bolivia	2002	58,46153846	41,53846154
Bolivia	2005	53,84615385	46,15384615
Bolivia	2009	42,30769231	57,69230769
Brazil	1994	19,925	80,075
Brazil	1998	18,51	81,49
Brazil	2002	15,60730994	84,39269006
Brazil	2006	19,49317739	80,50682261
Brazil	2010	24,36647173	75,63352827
Chile	1993	3,333333333	96,66666667
Chile	1997	2,5	97,5
Chile	2001	7,5	92,5
Chile	2005	8,333333333	91,66666667
Chile	2009	9,166666667	90,83333333
Colombia	1991	36,64596273	63,35403727
Colombia	1994	33,52474706	66,47525294
Colombia	1998	14,25408805	85,74591195
Colombia	2002	8,176100629	91,82389937
Colombia	2006	59,00621118	40,99378882
Colombia	2010	26,95803666	73,04196334
Costa Rica	1990	8,771929825	91,22807018
Costa Rica	1994	10,52631579	89,47368421
Costa Rica	1998	12,28070175	87,71929825
Costa Rica	2002	33,33333333	66,66666667
Costa Rica	2006	36,84210526	63,15789474
Costa Rica	2010	15,78947368	84,21052632
Ecuador	1996	28,65853659	71,34146341
Ecuador	1998	24,32977222	75,67022778
Ecuador	2002	33,0661157	66,9338843
Ecuador	2006	47,28089888	52,71910112
El Salvador	1994	26,19047619	73,80952381
El Salvador	1997	22,61904762	77,38095238
El Salvador	2000	14,28571429	85,71428571
El Salvador	2003	5,952380952	94,04761905
El Salvador	2006	13,0952381	86,9047619
El Salvador	2009	4,761904762	95,23809524
Guatemala	1990	38,55172414	61,44827586

Guatemala	1994	50,86206897	49,13793103
Guatemala	1995	38,75	61,25
Guatemala	1999	42,67857143	57,32142857
Guatemala	2003	61,39240506	38,60759494
Guatemala	2007	41,13924051	58,86075949
Honduras	1993	13,28125	86,71875
Honduras	1997	3,90625	96,09375
Honduras	2001	10,15625	89,84375
Honduras	2005	6,25	93,75
Honduras	2009	17,1875	82,8125
Mexico	1991	20,2	79,8
Mexico	1994	14	86
Mexico	1997	12,8	87,2
Mexico	2000	20,6	79,4
Mexico	2003	14,8	85,2
Mexico	2006	25	75
Nicaragua	1990	57,60869565	42,39130435
Nicaragua	1996	60,21505376	39,78494624
Nicaragua	2001	60,21505376	39,78494624
Nicaragua	2006	31,52173913	68,47826087
Panama	1999	22,14397496	77,85602504
Panama	2004	20,45864933	79,54135067
Paraguay	1993	23,33333333	76,66666667
Paraguay	1998	11,225	88,775
Paraguay	2003	27,5	72,5
Paraguay	2008	23,75	76,25
Peru	1995	34,16666667	65,83333333
Peru	2000	42,5	57,5
Peru	2001	52,91666667	47,08333333
Peru	2006	53,75	46,25
Dominican Republic	1990	25	75
Dominican Republic	1994	27,5	72,5
Dominican Republic	1998	30,25727069	69,74272931
Dominican Republic	2002	12,59060403	87,40939597
Dominican Republic	2006	26,75655431	73,24344569
Uruguay	1994	12,12121212	87,87878788
Uruguay	1999	9,595959596	90,4040404
Uruguay	2004	26,26262626	73,73737374
Uruguay	2009	7,575757576	92,42424242
Venezuela	1993	35,00678426	64,99321574
Venezuela	1998	44,59791283	55,40208717
Venezuela	2000	38,5434455	61,4565545
Venezuela	2005	40,63509345	59,36490655

Appendix 3 Roots in Society of Political Parties

Country	Year	Roots_society % strong	Roots_society %some
Argentina	1996	3,59	11,97
Argentina	1997	3,67	13,74
Argentina	2003	2,33	7,33
Argentina	2007	3,5	8,42
Bolivia	1996	3,14	7,33
Bolivia	1997	2,58	8,26
Bolivia	2003	3,58	11,41
Bolivia	2007	4,33	12,08
Brazil	1996	3,77	8,01
Brazil	1997	1,73	7,24
Brazil	2003	2,83	12,00
Brazil	2007	2,57	5,89
Chile	1996	1,10	7,51
Chile	1997	3,89	15,55
Chile	2003	2	6,67
Chile	2007	1,67	5
Colombia	1996	4,45	10,87
Colombia	1997	2,91	11,56
Colombia	2003	2,83	9,83
Colombia	2007	8,25	20,83
Costa Rica	1996	7,68	13,00
Costa Rica	1996	6,95	14,21
Costa Rica	2003	1,89	5,87
Costa Rica	2007	4,8	16,2
Ecuador	1996	4,33	11,44
Ecuador	1997	4,35	11,81
Ecuador	2003	3,08	11,83
Ecuador	2007	1,33	5,16
El Salvador	1996	9,08	14,91
El Salvador	1997	8,20	20,88
El Salvador	2003	4,56	9,32
El Salvador	2007	8	14
Guatemala	1996	10,00	14,07
Guatemala	1997	6,61	12,28
Guatemala	2003	3,08	5,76
Guatemala	2007	8	12,4
Honduras	1996	13,51	19,89
Honduras	1997	13,65	23,73

Honduras	2003	6,66	11,23
Honduras	2007	19,4	38
Mexico	1996	3,08	8,75
Mexico	1997	2,43	9,73
Mexico	2003	2,83	5,66
Mexico	2007	7,83	15,08
Nicaragua	1996	15,69	22,73
Nicaragua	1997	13,62	25,45
Nicaragua	2003	6,34	12,28
Nicaragua	2007	11,9	28,5
Panama	1996	6,57	13,47
Panama	1997	7,18	22,07
Panama	2003	5,18	12,05
Panama	2007	5,06	24,5
Paraguay	1996	7,05	31,74
Paraguay	1997	7,19	26,62
Paraguay	2003	7,5	21,00
Paraguay	2007	14,33	58,16
Peru	1996	1,93	4,12
Peru	1997	2,43	5,77
Peru	2003	2,33	6,41
Peru	2007	3	9,25
Republica dominicana	2007	21,7	43,3
Uruguay	1996	6,35	23,71
Uruguay	1997	18,54	42,02
Uruguay	2003	5,92	20,75
Uruguay	2007	6	24,5
Venezuela	1996	4,21	9,13
Venezuela	1997	5,49	12,02
Venezuela	2003	9,17	14,75
Venezuela	2007	14,75	37,5

Appendix 4 Legitimacy of Political Parties

Country	Year	Legitimacy of political parties (%strong confidence)	Legitimacy of political parties (%strong and some confidence)
Argentina	1996	1,8	17,38
Argentina	1997	3,77	29,69
Argentina	1998	2,55	16,91
Argentina	1999	2,55	16,91
Argentina	2000	2,46	16,15
Argentina	2001	2,04	12,59
Argentina	2002	0,33	4,58
Argentina	2003	0,17	8,25
Argentina	2004	1,18	12,16
Argentina	2005	2	18,33
Argentina	2006	1,08	12,83
Argentina	2007	1,08	13,91
Argentina	2008	1,33	13,5
Argentina	2009	0,92	14,59
Bolivia	1996	1,84	16,54
Bolivia	1997	4,36	21,53
Bolivia	1998	1,88	21,24
Bolivia	1999	1,88	21,24
Bolivia	2000	0,67	12,17
Bolivia	2001	1,85	11,47
Bolivia	2002	1,61	9,58
Bolivia	2003	0,67	6,17
Bolivia	2004	0,61	7,61
Bolivia	2005	1,17	10,84
Bolivia	2006	1,67	17,25
Bolivia	2007	1,83	14,33
Bolivia	2008	0,83	12,25
Bolivia	2009	1,58	20,16
Brazil	1996	1,12	17,09
Brazil	1997	5,21	18,39
Brazil	1998	4,04	19,92
Brazil	1999	4,04	19,92
Brazil	2000	2,14	13,66
Brazil	2001	6,4	20,66
Brazil	2002	2,6	12,4
Brazil	2003	2,5	15,75
Brazil	2004	3,87	22,79

Brazil	2005	3,41	15,62
Brazil	2006	4,07	22,18
Brazil	2007	2,16	15,95
Brazil	2008	3,16	20,27
Brazil	2009	3,41	20,44
Chile	1996	2,72	27,83
Chile	1997	6,47	35,29
Chile	1998	2,99	24,91
Chile	1999	2,99	24,91
Chile	2000	3,24	24,5
Chile	2001	4,27	24,32
Chile	2002	1,51	14,05
Chile	2003	0,33	13,41
Chile	2004	1,77	22,89
Chile	2005	0,92	19,5
Chile	2006	2,33	23,16
Chile	2007	1,58	19,91
Chile	2008	0,83	16,83
Chile	2009	1	21,83
Colombia	1996	1,61	11,44
Colombia	1997	5,91	30,45
Colombia	1998	2,99	17,37
Colombia	1999	2,99	17,37
Colombia	2000	1,53	16,82
Colombia	2001	2,9	11,42
Colombia	2002	1,83	10,66
Colombia	2003	2,42	11,17
Colombia	2004	3,58	20,19
Colombia	2005	4,75	22,42
Colombia	2006	3,83	19,41
Colombia	2007	2,33	18,08
Colombia	2008	2,42	19,67
Colombia	2009	5	25,25
Costa Rica	1996	2,43	16,87
Costa Rica	1996	3,24	27,06
Costa Rica	1998	9,62	31,58
Costa Rica	1999	9,62	31,58
Costa Rica	2000	3,4	24,23
Costa Rica	2001	4,58	20,04
Costa Rica	2002	3,88	24,16
Costa Rica	2003	1,39	9,56

Costa Rica	2004	3,06	21,96
Costa Rica	2005	2,4	16,2
Costa Rica	2006	3,6	25,7
Costa Rica	2007	2,7	15,4
Costa Rica	2008	1,8	20,2
Costa Rica	2009	3,8	23,9
Ecuador	1996	7,08	18,46
Ecuador	1997	6,35	16,4
Ecuador	1998	4,91	14,64
Ecuador	1999	4,91	14,64
Ecuador	2000	1,68	7,63
Ecuador	2001	1,87	8,5
Ecuador	2002	1,58	8,25
Ecuador	2003	4,67	27,75
Ecuador	2004	0,42	6,39
Ecuador	2005	1,25	9,17
Ecuador	2006	0,75	7,67
Ecuador	2007	0,58	7,83
Ecuador	2008	1,4	14,57
Ecuador	2009	1,42	14,42
El Salvador	1996	5,39	28,95
El Salvador	1997	12,54	47,86
El Salvador	1998	5,51	24,32
El Salvador	1999	5,51	24,32
El Salvador	2000	4,52	24,64
El Salvador	2001	6,83	18,14
El Salvador	2002	4,93	16,27
El Salvador	2003	2,78	10,62
El Salvador	2004	6,33	25,31
El Salvador	2005	5,84	14,85
El Salvador	2006	3,14	15,59
El Salvador	2007	2,2	25
El Salvador	2008	4,5	36
El Salvador	2009	5,5	38,3
Guatemala	1996	3,11	26,05
Guatemala	1997	4,65	29,9
Guatemala	1998	3,98	19,78
Guatemala	1999	3,98	19,78
Guatemala	2000	4,33	21,38
Guatemala	2001	1,57	9,63
Guatemala	2002	1,8	7,5

Guatemala	2003	1,79	7,16
Guatemala	2004	4,32	12,24
Guatemala	2005	0,9	12,2
Guatemala	2006	2,1	15,6
Guatemala	2007	3,3	24
Guatemala	2008	2,3	22,9
Guatemala	2009	2,3	21,6
Honduras	1996	3,82	23,97
Honduras	1997	18,35	40,78
Honduras	1998	4,03	24,19
Honduras	1999	4,03	24,19
Honduras	2000	3,25	18,09
Honduras	2001	6,98	14,37
Honduras	2002	7,87	23,21
Honduras	2003	3,58	11,63
Honduras	2004	6,61	21,87
Honduras	2005	8,7	17
Honduras	2006	10,9	26,4
Honduras	2007	6,5	23,3
Honduras	2008	5,1	20,2
Honduras	2009	5,1	16,2
Mexico	1996	1,95	18,32
Mexico	1997	5,94	31,35
Mexico	1998	5,9	34,3
Mexico	1999	5,9	34,3
Mexico	2000	5,23	34,35
Mexico	2001	1,29	20,71
Mexico	2002	1,49	14,71
Mexico	2003	0,83	10,75
Mexico	2004	2,29	14,58
Mexico	2005	2,25	19,92
Mexico	2006	5,33	28,75
Mexico	2007	3	23,5
Mexico	2008	1,92	17,09
Mexico	2009	2,92	18,67
Nicaragua	1996	6,53	36,64
Nicaragua	1997	11,54	31,81
Nicaragua	1998	3,85	17,02
Nicaragua	1999	3,85	17,02
Nicaragua	2000	3,3	10,1
Nicaragua	2001	4,42	18,98

Nicaragua	2002	6,5	16,15
Nicaragua	2003	2,57	7,92
Nicaragua	2004	3,3	11,64
Nicaragua	2005	3,2	7,6
Nicaragua	2006	4,5	18
Nicaragua	2007	6,7	22,7
Nicaragua	2008	6	22,4
Nicaragua	2009	4,1	14,3
Panama	1996	1,69	18,24
Panama	1997	6,23	29,31
Panama	1998	3,75	18,56
Panama	1999	3,75	18,56
Panama	2000	4,06	28,71
Panama	2001	6,3	26,32
Panama	2002	4,16	16,73
Panama	2003	1,79	14,84
Panama	2004	4,85	30,43
Panama	2005	2,48	12,6
Panama	2006	5,56	23,32
Panama	2007	1,59	13
Panama	2008	1,9	15,5
Panama	2009	4,2	31,2
Paraguay	1996	6,85	37,84
Paraguay	1997	3,12	28,62
Paraguay	1998	5,26	25,47
Paraguay	1999	5,26	25,47
Paraguay	2000	4,35	15,22
Paraguay	2001	3,72	14,72
Paraguay	2002	1,17	7,34
Paraguay	2003	2,5	11,67
Paraguay	2004	1,7	17,83
Paraguay	2005	4	16,83
Paraguay	2006	2,75	13,58
Paraguay	2007	1,58	11,16
Paraguay	2008	4,5	21,17
Paraguay	2009	1,58	24,16
Peru	1996	3,13	19,87
Peru	1997	3,53	21,26
Peru	1998	1,95	16,98
Peru	1999	1,95	16,98
Peru	2000	1,61	19,8

Peru	2001	2,42	24,19
Peru	2002	1,63	13,23
Peru	2003	0,5	8,33
Peru	2004	0,42	11,74
Peru	2005	1,83	13,66
Peru	2006	1,25	19,83
Peru	2007	1,17	13,67
Peru	2008	0,92	10,84
Peru	2009	0,42	11,17
Dominican Republic	2004	6,22	31,8
Dominican Republic	2005	7,2	29,2
Dominican Republic	2006	4,9	29,6
Dominican Republic	2007	6	29,5
Dominican Republic	2008	3,5	27
Dominican Republic	2009	5,1	28,1
Uruguay	1996	6,02	32,68
Uruguay	1997	11,14	46,75
Uruguay	1998	6,19	35,17
Uruguay	1999	6,19	35,17
Uruguay	2000	8,45	36,55
Uruguay	2001	4,76	38,83
Uruguay	2002	4	29,83
Uruguay	2003	1,33	17,91
Uruguay	2004	2,34	34,77
Uruguay	2005	6,33	44,33
Uruguay	2006	4,58	32,66
Uruguay	2007	3,42	34,25
Uruguay	2008	4,75	36,33
Uruguay	2009	10,08	46,08
Venezuela	1996	2,99	11,56
Venezuela	1997	7,39	21,24
Venezuela	1998	2,99	11,56
Venezuela	1999	5,11	15,51
Venezuela	2000	9,17	24,13
Venezuela	2001	9,97	30,01
Venezuela	2002	6,5	18,33
Venezuela	2003	2,67	13,75
Venezuela	2004	5,34	22,81
Venezuela	2005	8	30,75
Venezuela	2006	11,5	39,92
Venezuela	2007	9,75	35,75

Venezuela	2008	8,92	31,84
Venezuela	2009	8,92	33,84

Appendix 5 Organization of Political Parties

Country	Year	Party Age	Party age % (max in LA sample)
Argentina	1996	24,05	12,59
Argentina	1997	25,05	13,12
Argentina	1998	26,66	13,96
Argentina	1999	27,66	14,48
Argentina	2000	16	8,38
Argentina	2001	17,5	9,16
Argentina	2002	18	9,42
Argentina	2003	19	9,95
Argentina	2004	32,5	17,02
Argentina	2005	33,5	17,54
Argentina	2006	18	9,42
Argentina	2007	19	9,95
Argentina	2008	20	10,47
Argentina	2009	21	10,99
Bolivia	1996	12	6,28
Bolivia	1997	12,66	6,63
Bolivia	1998	16,33	8,55
Bolivia	1999	17,33	9,07
Bolivia	2000	18,33	9,60
Bolivia	2001	19,33	10,12
Bolivia	2002	20,33	10,64
Bolivia	2003	20,5	10,73
Bolivia	2004	21,5	11,26
Bolivia	2005	22,5	11,78
Bolivia	2006	10	5,24
Bolivia	2007	11	5,76
Bolivia	2008	12	6,28
Bolivia	2009	13	6,81
Brazil	1996	13,25	6,94
Brazil	1997	14,25	7,46
Brazil	1998	15,25	7,98
Brazil	1999	15,33	8,03
Brazil	2000	16,33	8,55
Brazil	2001	17,33	9,07
Brazil	2002	18,33	9,60
Brazil	2003	18,5	9,69
Brazil	2004	19,5	10,21
Brazil	2005	20,5	10,73

Brazil	2006	21,5	11,26
Brazil	2007	21,5	11,26
Brazil	2008	22,5	11,78
Brazil	2009	23,5	1,97
Chile	1998	19,5	10,21
Chile	1999	20,5	10,73
Chile	2000	21,5	11,26
Chile	2001	22,5	11,78
Chile	2002	10	5,24
Chile	2003	11	5,76
Chile	2004	12	6,28
Chile	2005	13	6,81
Chile	2006	14	7,33
Chile	2007	15	7,85
Chile	2008	16	8,38
Chile	2009	17	8,90
Colombia	1996	181	94,76
Colombia	1997	182	95,29
Colombia	1998	183	95,81
Colombia	1999	84,5	44,24
Colombia	2000	85,5	44,76
Colombia	2001	86,5	45,29
Colombia	2002	87,5	45,81
Colombia	2003	188	98,43
Colombia	2004	189	98,95
Colombia	2005	190	99,48
Colombia	2006	191	100,00
Colombia	2007	90	47,12
Colombia	2008	91	47,64
Colombia	2009	92	48,17
Costa Rica	1996	33	17,28
Costa Rica	1997	34,00	17,80
Costa Rica	1998	35	18,32
Costa Rica	1999	33	17,28
Costa Rica	2000	34	17,80
Costa Rica	2001	35	18,32
Costa Rica	2002	36	18,85
Costa Rica	2003	37	19,37
Costa Rica	2004	38	19,90
Costa Rica	2005	39	20,42
Costa Rica	2006	40	20,94
Costa Rica	2007	25,66	13,43
Costa Rica	2008	26,66	13,96
Costa Rica	2009	27,66	14,48

Ecuador	1996	20,05	10,50
Ecuador	1997	30,05	15,73
Ecuador	1998	33,5	17,54
Ecuador	1999	34,5	18,06
Ecuador	2000	35,5	18,59
Ecuador	2001	36,5	19,11
Ecuador	2002	37,5	19,63
Ecuador	2003	18	9,42
Ecuador	2004	27,33	14,31
Ecuador	2005	28,33	14,83
Ecuador	2006	29,33	15,36
Ecuador	2007	6,33	3,31
Ecuador	2008	7,33	3,84
Ecuador	2009	8,33	4,36
El Salvador	1996	15,05	7,88
El Salvador	1997	16,05	8,40
El Salvador	1998	17,5	9,16
El Salvador	1999	18,5	9,69
El Salvador	2000	19,5	10,21
El Salvador	2001	30,25	15,84
El Salvador	2002	31,25	16,36
El Salvador	2003	32,25	16,88
El Salvador	2004	23,5	12,30
El Salvador	2005	24,5	12,83
El Salvador	2006	25,5	13,35
El Salvador	2007	26,5	13,87
El Salvador	2008	27,5	14,40
El Salvador	2009	28,5	14,92
Guatemala	2000	11	5,76
Guatemala	2001	12	6,28
Guatemala	2002	13	6,81
Guatemala	2003	14	7,33
Guatemala	2004	8,5	4,45
Guatemala	2005	9,5	4,97
Guatemala	2006	10,5	5,50
Guatemala	2007	11,5	6,02
Guatemala	2008	5,33	2,79
Guatemala	2009	6,33	3,31
Honduras	1996	89,05	46,62
Honduras	1997	90,05	47,15
Honduras	1998	91,5	47,91
Honduras	1999	92,5	48,43
Honduras	2000	93,5	48,95
Honduras	2001	94,5	49,48

Honduras	2002	95,5	50,00
Honduras	2003	96,5	50,52
Honduras	2004	97,5	51,05
Honduras	2005	98,5	51,57
Honduras	2006	99,5	52,09
Honduras	2007	100,5	52,62
Honduras	2008	101,5	53,14
Honduras	2009	102,5	53,66
Mexico	1996	53,05	27,77
Mexico	1997	54,05	28,30
Mexico	1998	31	16,23
Mexico	1999	32	16,75
Mexico	2000	33	17,28
Mexico	2001	49,33	25,83
Mexico	2002	50,33	26,35
Mexico	2003	51,33	26,87
Mexico	2004	52,33	27,40
Mexico	2005	53,33	27,92
Mexico	2006	54,33	28,45
Mexico	2007	43,5	22,77
Mexico	2008	44,5	23,30
Mexico	2009	45,5	23,82
Nicaragua	1996	14,66	7,68
Nicaragua	1997	18,5	9,69
Nicaragua	1998	19,5	10,21
Nicaragua	1999	20,5	10,73
Nicaragua	2000	21,5	11,26
Nicaragua	2001	22,5	11,78
Nicaragua	2002	37,5	19,63
Nicaragua	2003	38,5	20,16
Nicaragua	2004	39,5	20,68
Nicaragua	2005	40,5	21,20
Nicaragua	2006	41,5	21,73
Nicaragua	2007	42,5	22,25
Nicaragua	2008	43,5	22,77
Nicaragua	2009	44,5	23,30
Panama	1996	10	5,24
Panama	1997	11	5,76
Panama	1998	12	6,28
Panama	1999	13	6,81
Panama	2000	13,25	6,94
Panama	2001	14,25	7,46
Panama	2002	15,25	7,98
Panama	2003	16	8,38

Panama	2004	16,75	8,77
Panama	2005	15,33	8,03
Panama	2006	16,33	8,55
Panama	2007	17,33	9,07
Panama	2008	18,33	9,60
Panama	2009	19,33	10,12
Paraguay	1996	45,05	23,59
Paraguay	1997	46,05	24,11
Paraguay	1998	47,5	24,87
Paraguay	1999	48,5	25,39
Paraguay	2000	49,5	25,92
Paraguay	2001	50,5	26,44
Paraguay	2002	51,5	26,96
Paraguay	2003	52,5	27,49
Paraguay	2004	53,5	28,01
Paraguay	2005	54,5	28,53
Paraguay	2006	55,5	29,06
Paraguay	2007	56,5	29,58
Paraguay	2008	57,5	30,10
Paraguay	2009	30,5	15,97
Peru	1996	9,5	4,97
Peru	1997	10,5	5,50
Peru	1998	11,5	6,02
Peru	1999	12,5	6,54
Peru	2000	13,5	7,07
Peru	2001	6	3,14
Peru	2002	43	22,51
Peru	2003	44	23,04
Peru	2004	45	23,56
Peru	2005	46	24,08
Peru	2006	47	24,61
Peru	2007	45	23,56
Peru	2008	46	24,08
Peru	2009	47	24,61
Dominican Republic	1996	45	23,56
Dominican Republic	1997	41	21,47
Dominican Republic	1998	42	21,99
Dominican Republic	1999	43	22,51
Dominican Republic	2000	43,5	22,77
Dominican Republic	2001	44,5	23,30
Dominican Republic	2002	45,5	23,82
Dominican Republic	2003	44	23,04
Dominican Republic	2004	45	23,56
Dominican Republic	2005	48,5	25,39

Dominican Republic	2006	49,5	25,92
Dominican Republic	2007	50,5	26,44
Dominican Republic	2008	51,5	26,96
Dominican Republic	2009	52,5	27,49
Uruguay	1996	107,33	56,19
Uruguay	1997	108,33	56,72
Uruguay	1998	109,33	57,24
Uruguay	1999	110,33	57,76
Uruguay	2000	111,33	58,29
Uruguay	2001	112,33	58,81
Uruguay	2002	113,33	59,34
Uruguay	2003	114,33	59,86
Uruguay	2004	115,33	60,38
Uruguay	2005	90	47,12
Uruguay	2006	91	47,64
Uruguay	2007	92	48,17
Uruguay	2008	93	48,69
Uruguay	2009	94	49,21
Venezuela	1996	55	28,80
Venezuela	1997	56	29,32
Venezuela	1998	57	29,84
Venezuela	1999	22,5	11,78
Venezuela	2000	23,5	12,30
Venezuela	2001	24,25	12,70
Venezuela	2002	25,25	13,22
Venezuela	2003	33,33	17,45
Venezuela	2004	34,33	18,0
Venezuela	2005	35,33	18,5
Venezuela	2006	17	8,9
Venezuela	2007	5,33	2,8
Venezuela	2008	6,33	3,3
Venezuela	2009	7,33	3,8

Appendix 6 Index of Political Party System Institutionalization

Country	Year	PPSI with strict criteria	PPSI with flexible creteria
Argentina	2001	23,04	28,44
Argentina	2002	22,68	26,51
Argentina	2003	4,81	8,08
Argentina	2004	6,83	11,08
Argentina	2005	13,30	19,13
Argentina	2006	11,04	15,98
Argentina	2007	11,46	15,90
Argentina	2008	11,66	16,18
Argentina	2009	17,15	22,30
Bolivia	1996	12,24	16,96
Bolivia	1997	15,70	21,41
Bolivia	1998	15,56	21,82
Bolivia	1999	15,69	21,95
Bolivia	2000	15,52	19,81
Bolivia	2001	15,95	19,77
Bolivia	2002	14,09	17,51
Bolivia	2003	14,13	17,46
Bolivia	2004	14,25	17,95
Bolivia	2005	15,67	20,05
Bolivia	2006	14,16	20,01
Bolivia	2007	14,52	19,58
Bolivia	2008	14,40	19,19
Bolivia	2009	17,60	24,18
Brazil	1996	22,98	28,03
Brazil	1997	23,62	28,29
Brazil	1998	23,81	29,16
Brazil	1999	23,82	29,17
Brazil	2000	23,48	27,73
Brazil	2001	24,67	29,62
Brazil	2002	24,58	28,41
Brazil	2003	24,85	30,46
Brazil	2004	25,33	32,35
Brazil	2005	25,34	30,69
Brazil	2006	24,67	31,49
Brazil	2007	24,12	28,40
Brazil	2008	24,50	29,61
Brazil	2009	22,11	27,20
Chile	1998	28,65	37,04

Chile	1999	28,78	37,17
Chile	2000	28,97	37,20
Chile	2001	28,11	36,04
Chile	2002	25,78	31,83
Chile	2003	25,15	29,58
Chile	2004	25,64	32,09
Chile	2005	25,35	31,16
Chile	2006	25,83	32,21
Chile	2007	25,69	31,11
Chile	2008	25,64	30,47
Chile	2009	25,60	31,64
Colombia	1996	41,82	45,89
Colombia	1997	42,65	50,94
Colombia	1998	46,86	52,62
Colombia	1999	33,97	39,73
Colombia	2000	33,74	39,72
Colombia	2001	34,21	38,50
Colombia	2002	35,59	39,96
Colombia	2003	48,88	52,81
Colombia	2004	49,30	55,20
Colombia	2005	49,72	55,89
Colombia	2006	36,91	42,56
Colombia	2007	24,67	31,76
Colombia	2008	24,83	32,28
Colombia	2009	25,60	33,81
Costa Rica	1996	29,22	34,16
Costa Rica	1996	29,37	37,14
Costa Rica	1998	30,65	37,96
Costa Rica	1999	30,39	37,70
Costa Rica	2000	28,97	35,99
Costa Rica	2001	29,39	35,07
Costa Rica	2002	24,09	30,97
Costa Rica	2003	22,33	25,37
Costa Rica	2004	22,88	28,60
Costa Rica	2005	22,84	27,29
Costa Rica	2006	22,40	28,92
Costa Rica	2007	21,02	27,05
Costa Rica	2008	20,93	28,38
Costa Rica	2009	21,56	29,43
Ecuador	1996	23,31	27,93
Ecuador	1997	24,44	28,82
Ecuador	1998	25,62	29,91
Ecuador	1999	25,75	30,05
Ecuador	2000	25,07	28,42

Ecuador	2001	25,25	28,77
Ecuador	2002	23,12	26,66
Ecuador	2003	21,03	28,98
Ecuador	2004	21,19	24,87
Ecuador	2005	21,52	25,69
Ecuador	2006	17,98	21,89
Ecuador	2007	14,49	17,26
Ecuador	2008	14,82	19,07
Ecuador	2009	2,37	7,98
El Salvador	1996	24,04	31,39
El Salvador	1997	26,63	38,63
El Salvador	1998	25,06	32,94
El Salvador	1999	25,19	33,07
El Salvador	2000	27,16	35,36
El Salvador	2001	29,15	35,14
El Salvador	2002	28,80	34,81
El Salvador	2003	29,57	32,72
El Salvador	2004	29,31	35,25
El Salvador	2005	29,32	32,76
El Salvador	2006	26,99	31,29
El Salvador	2007	27,74	34,94
El Salvador	2008	28,45	37,83
El Salvador	2009	30,91	40,61
Guatemala	2000	18,51	24,19
Guatemala	2001	17,95	21,38
Guatemala	2002	18,13	20,98
Guatemala	2003	12,70	14,71
Guatemala	2004	12,61	15,26
Guatemala	2005	11,89	15,39
Guatemala	2006	12,32	16,37
Guatemala	2007	19,05	25,32
Guatemala	2008	17,99	24,24
Guatemala	2009	18,12	24,04
Honduras	1996	37,67	44,30
Honduras	1997	43,81	51,94
Honduras	1998	40,42	47,98
Honduras	1999	40,55	48,11
Honduras	2000	40,49	46,72
Honduras	2001	39,99	44,36
Honduras	2002	40,34	46,70
Honduras	2003	37,65	40,81
Honduras	2004	38,54	43,50
Honduras	2005	40,17	43,39
Honduras	2006	40,85	45,87

Honduras	2007	43,07	51,92
Honduras	2008	42,85	51,27
Honduras	2009	40,24	47,67
Mexico	1996	29,70	35,21
Mexico	1997	30,97	39,14
Mexico	1998	27,94	36,87
Mexico	1999	28,07	37,00
Mexico	2000	26,08	35,19
Mexico	2001	27,24	33,92
Mexico	2002	27,42	32,55
Mexico	2003	28,93	32,12
Mexico	2004	29,43	33,21
Mexico	2005	29,55	34,68
Mexico	2006	27,90	34,46
Mexico	2007	27,15	34,09
Mexico	2008	27,01	32,62
Mexico	2009	27,39	33,14
Nicaragua	1996	17,42	26,71
Nicaragua	1997	18,66	26,68
Nicaragua	1998	16,87	23,12
Nicaragua	1999	17,00	23,25
Nicaragua	2000	16,99	21,65
Nicaragua	2001	17,40	24,00
Nicaragua	2002	19,88	25,25
Nicaragua	2003	17,21	20,04
Nicaragua	2004	17,53	21,10
Nicaragua	2005	17,63	20,22
Nicaragua	2006	25,26	30,12
Nicaragua	2007	27,33	35,48
Nicaragua	2008	27,29	35,54
Nicaragua	2009	26,94	33,64
Panama	1999	23,90	31,32
Panama	2000	24,01	33,89
Panama	2001	24,70	33,43
Panama	2002	24,30	31,16
Panama	2003	23,30	28,28
Panama	2004	24,59	32,70
Panama	2005	23,81	28,05
Panama	2006	24,71	30,87
Panama	2007	23,82	31,53
Panama	2008	24,02	32,28
Panama	2009	24,73	36,34
Paraguay	1996	28,54	42,46
Paraguay	1997	27,77	39,00

Paraguay	1998	31,52	41,43
Paraguay	1999	31,65	41,56
Paraguay	2000	31,56	39,13
Paraguay	2001	31,53	39,14
Paraguay	2002	31,02	37,42
Paraguay	2003	27,50	33,16
Paraguay	2004	27,43	34,84
Paraguay	2005	28,13	34,72
Paraguay	2006	27,95	34,03
Paraguay	2007	29,50	42,85
Paraguay	2008	31,30	46,42
Paraguay	2009	27,03	43,63
Peru	1996	18,97	23,70
Peru	1997	19,32	24,59
Peru	1998	19,06	23,65
Peru	1999	19,19	23,78
Peru	2000	17,15	22,53
Peru	2001	13,77	20,05
Peru	2002	18,41	22,15
Peru	2003	18,24	21,21
Peru	2004	18,35	22,20
Peru	2005	18,83	22,81
Peru	2006	18,61	24,27
Peru	2007	18,50	23,18
Peru	2008	18,56	22,61
Peru	2009	18,57	22,82
Dominican Republic	2007	31,85	43,12
Dominican Republic	2008	31,35	42,63
Dominican Republic	2009	31,88	43,03
Uruguay	1996	39,11	50,12
Uruguay	1997	43,57	58,34
Uruguay	1998	42,46	55,58
Uruguay	1999	43,22	56,34
Uruguay	2000	43,92	56,82
Uruguay	2001	43,13	57,52
Uruguay	2002	43,07	55,40
Uruguay	2003	39,38	47,23
Uruguay	2004	35,59	47,41
Uruguay	2005	33,28	46,48
Uruguay	2006	32,97	43,70
Uruguay	2007	32,83	45,16
Uruguay	2008	33,29	45,81
Uruguay	2009	39,43	53,05
Venezuela	1996	25,25	28,62

Venezuela	1997	26,80	31,89
Venezuela	1998	23,43	27,21
Venezuela	1999	19,45	23,68
Venezuela	2000	22,11	27,48
Venezuela	2001	22,40	29,05
Venezuela	2002	21,67	26,26
Venezuela	2003	22,69	26,85
Venezuela	2004	23,49	29,25
Venezuela	2005	23,76	30,84
Venezuela	2006	22,23	30,73
Venezuela	2007	21,66	33,85
Venezuela	2008	21,59	33,00
Venezuela	2009	21,72	33,64

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This thesis was typed by Susan Achury.

Vita

Susan Achury is a recent graduate of the University of Texas at El Paso. Having received her degree in Law from Universidad Nacional de Colombia in 2005, she holds a specialization in Business Law from Universidad Externado de Colombia and a Master's degree in Political Science with a focus on Comparative Politics and emphasis in Latin American studies from The University of Texas at El Paso. Ms. Achury has professional experience in the practice of both private and public Law. Her previous work experience includes the practice of law as a consultant in Molano-Rincon & Asociados, where she managed corporate and contracting issues for national and foreign companies. Her experiences include using and creating concepts for private law, corporate law, and copyright law from the comparative perspective of Latin American legislations, International contracting and administrative law. In addition, she has also worked for the Colombian Ministry of Education in the Department of Contracting and Administration in Bogotá. This position allowed Ms. Achury to help develop several social projects, framing legal contracts, and a specialty in the Department of Educational Coverage; for which she helped establish and supervise the legal plan of contracting public processes, as well as monitor its progress.

Ms. Achury is currently pursuing her doctoral degree in Political Science at the University of Houston in Houston, where she hopes to continue her career in the academy and ultimately work with a world development agency.