Why Democracies Still Have Corruption: A Quantitative Analysis Integrating Three Theoretical Frameworks

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Why Democracies Still Have Corruption: A Quantitative Analysis Integrating Three Theoretical Frameworks

Richard I. Vigil

Corruption corrodes democracy, decaying institutions in every country regardless of regime type. When politicians misuse public office for private gain, the government loses legitimacy and accountability. Corruption public officials lead to inefficient and ineffective government, causing citizens to distrust elected officials. Democratic leaders come to power through elections, but corruption sabotages electoral campaigns with illegal money. Corruption undermines and erodes two central norms of democracy: equality and openness. Certain individuals benefit at the expense of society, and “The rights and protections citizens should be able to enjoy become favors, to be repaid in kind.” Most scholars now accept that corruption poses a problem for many governments, and early studies have shown that corruption can injure a state’s opportunity for economic growth. High levels of corruption discourage foreign investment in a country, reducing economic development. Widespread corruption also ties up funds that could otherwise be available for economic growth. In addition, corruption preservers and can even increase inequalities in the distribution of income.

States are now searching for answers to corruption. In fact, “[m]otivated by a desire to help reformers curb corruption, social scientists have tried for the last thirty years to understand its causes and provide guides for its control.” By examining the causes of corruption in today’s governments, policymakers will be prepared to combat and correct the problems that stem from corruption. Revealing the causes for corruption will help countries eliminate and prevent its effects. Understanding why corruption occurs and why it occurs in some countries more often than others will serve as the first step towards legitimizing democracy.

Using a cross-national analysis, I identify the causes of corruption in today’s societies. Previous attempts at explaining corruption cross-nationally have only tested a few theories and relied on a limited dataset, usually examining corruption through one theoretical framework and testing their theories on fewer than one hundred countries. In this study, I examine 142 countries to increase explanatory power and make my findings more generalized. I also tested how each comparative theoretical framework—rational choice, cultural, and structural—affect corruption. Testing each approach allowed me to determine which factors matter the most in explaining and preventing corruption.

I will demonstrate that countries with a free press, greater economic development, and high levels of Protestantism experience lower levels of corruption. In order to demonstrate this, I first show that the level of democracy cannot by itself explain the variation in the levels of corruption countries experience. Next, I examine different theories to look for potential explanations for corruption. Then, I operationalize the various variables and test their strength in an OLS regression. Finally, I state my findings and conclusions along with any implications that the data provides.

A Failure of Democracy

Democracies claim to have many benefits in both the political and economical realms. Many scholars have argued that democracy prevents and mitigates the effects and incidences of corruption. In a study of the challenges that corruption causes for democratic governance and market economics, Wayne Sandholz and William Koetzle find that “those countries seen as least corrupt are those nations that are known to be democratic” and “the countries viewed as most corrupt are those traditionally seen as
Why Democracies Still Have Corruption

authoritarian. Furthermore, Mark Warren, studying what corruption means in a democracy, concludes his paper claiming that becoming more democratic will likely cure the negative effects of corruption.

At first glance, corruption appears to correlate to the regime type or the level of democracy. Using Freedom House’s Political Rights score as a measure of democracy and Transparency International’s Corruption Perception Index (CPI), Figure 1 illustrates the negative relationship between the level of democracy and the perception of corruption. As the level of democracy improves, the perceived level of corruption diminishes and the less democratic states, or autocracies (score below four on democracy), suffer from more corruption. In fact, thirty-five out of the thirty-eight autocratic countries scored below four on the CPI, and Chad had the lowest score at 1.7. Only Oman (6.3), Qatar (5.9), and Tunisia (4.9) scored above a four. Conversely, the more democratic states enjoy less corruption. Iceland has the highest score at 9.7 with the other Scandinavian countries not far behind.

Figure 1: Democracy versus Corruption

Three democratic principles can affect corruption: participation, competition, and accountability. A democratic regime allows everyone in society to participate in the governing process by allowing all to pursue political power and vote. Similarly, democracy promotes competition between candidates in legitimate elections that are free, fair, and regular. Also, democracy promotes transparency and legitimacy to ensure that the public can hold officials accountable; ensuring, “Political rulers and elected representatives serve as ‘agents’ of their constituencies and must justify their actions and decisions in order to remain in office.”

Underneath these three broad principles, two key dimensions—elections and rights—explain how democratic principles reduce and prevent corruption. Elections increase accountability and allow voters to punish corrupt officials. As already mentioned, democracy ensures that adult citizens have the right to vote and that politicians will genuinely compete for office. Politicians must win by the mandate of the popular vote. In principal, elected officials derive their power from the public and are accountable to their needs. Elected officials cultivate trust from their constituents and other politicians by fulfilling campaign promises through honest and effective means; they avoid corruption to please the voters. Likewise, competitors for office have an incentive to discover and publicize an incumbent’s corrupt behavior. Democratic elections also provide citizens the power to remove corrupt politicians more easily. Corrupt activities can impose large costs on society, and the wallets of constituents. These costs will annoy voters, and after repeated negative exposure, the public will punish public officials. Once identified as corrupt, officials may be removed from office, lose the next election, and face prosecution. The participatory processes of democracy encourage integrity in politicians and increase the costs of corruption. In contrast, authoritarian regimes have free reign unless restrained by democratic institutions, and authoritative rulers face few checks on their power.

Finally, citizens in a democracy enjoy more rights that are better protected. Democracies establish institutions such as the judiciary and a police force to ensure the protection of individual property rights. These institutions limit the ways a public official may engage in corruption by increasing transparency, and the likelihood of punishment. Effective institutions protect the personal rights of individuals against abuses from the state. Furthermore, democracy grants society basic freedoms: assembly, speech, press, etc. Media may freely investigate, witnesses may openly testify, and corrupt politicians will theoretically be caught. But despite these prescribed remedies, corruption still occurs in many democracies. Figure 1 reveals that corruption does not disappear and barely decreases as democracy increases. In fact, Figure 1 shows a substantial range in the frequency of perceived corruption, even among the most democratic nations (score of seven for democracy). Arguably, these countries represent the strongest democracies in the world and should enjoy the most from its benefits. However, the levels of corruption range from 9.7 in Iceland to 3.4 in Poland, which has more corruption than some authoritarian nations. Indeed, more than a third (34.15 percent) of the most democratic nations are below the median level of perceived corruption. Authoritarian countries may suffer the most from corruption, but high levels of corruption still exist in democratic regimes.
A bivariate regression reveals the weakness of this perceived relationship. I checked for statistical and substantive significance using a test of correlation; the results are displayed in Table 1. My results are highly statistically significant, with a p-value of .000. However, the r-squared reveals that the level of democracy in a state only explains 32.83 percent of its level of perceived corruption.

<table>
<thead>
<tr>
<th>Table 1: Correlations between Democracy and Corruption</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Corrupt. Perception Index N</td>
</tr>
<tr>
<td>Political Rights N</td>
</tr>
<tr>
<td>Political Rights Sig (2-tailed)</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).**

What causes high levels of corruption to occur in democratic regimes? How did some of the most democratic countries almost eliminate corruption while others suffer with high levels? I will attempt to answer these questions in the following sections.

**Explaining Corruption**

Following the suggestion of Lichbach and Zucker-
man, I will use three theoretical approaches to explain corruption: rational choice, cultural, and structural. Rational choice theories look at the costs and benefits for an individual to use corruption based on the incentives within a society. Cultural theories focus on the societal values and norms that guide human behavior. And structural theories examine how societal factors understood in a specific historical context combine to create or restrict opportunities for corrupt behavior.

**Rational Choice**

Rational choice theories use an individual level of analysis to focus on the behavior and actions of human beings themselves. They assume that individuals make rational decisions and seek to maximize self-interest. Individuals have preferences, and a rational agent always chooses the preferred outcome over a less preferential outcome. The rational choice framework claims that when the gains from corrupt behavior outweigh the costs, politicians will use corruption. On the other hand, when the risk of exposure and possible punishments exceed the anticipated benefits, public officials will not engage in corrupt behavior.

The principal-agent theory represents one of the leading theories used by rational choice theorists to explain corruption. Citizens, the principal, empower politicians, the agents, to achieve certain tasks for the public benefit. However, in this delegation of power, agents may abuse the relationship because of two problems: hidden information and hidden action. Citizens do not have all of the information available to politicians, and they cannot feasibly scrutinize the behavior of every public official. Under these circumstances, agents have the incentive and opportunity to engage in corrupt behavior and maximize their private gain. To remedy this adverse relationship, society needs to make politicians accountable to citizens and make politicians’ actions more transparent. Monitoring provides one way to increase accountability and transparency.

Media plays a significant role in monitoring politicians. Newspapers, television news programs, and radio news programs provide the public with a continuous stream of information. Reporters and journalists search for stories they think their audiences want to hear. Political scandals and acts of corruption rank among their favorite topics to report. A free and autonomous press may obtain the resources necessary to inform the public about corrupt behavior. On the other hand, if corrupt government officials censor media, journalists are unable to publish stories about corrupt behavior. Politicians in these societies will engage in more corruption because their risk of punishment is low. Thus, a country with a free press should have lower levels of corruption.

Additionally, the population size may affect the incentives for corruption. Countries with a large population suffer from problems of coordination and collective action. So it is difficult for larger societies to monitor corrupt officials. A bigger population will usually require more representatives, and, consequently, it will prove harder to monitor an increased number of politicians. On the other hand, smaller states, like Singapore, are easier to monitor. Smaller populations usually have more efficient communication flow, and police have an easier time discovering government fraud. Thus, a country with a smaller population should have lower levels of corruption.

Rational choice theory also considers economic factors in determining the costs and benefits of corruption. Scholars such as Max Weber argue that "economic development was a necessary condition for the emergence of rationally organized, legally driven bureaucracies that exhibit little corruption." They believe that greater economic development increases the rule of law and acts as a control on corruption. With a strong rule of law, the judicial and police systems may more effectively protect and uphold property rights. When rules consistently govern these rights, politicians have less incentive to engage in corrupt acts.

Rational choice theory assumes that politicians, and the public alike, desire more money. In poverty-stricken areas, people may want to extend or receive a bribe. With more material goods at stake, impoverished people have
stronger incentives to engage in corrupt behavior. To exacerbate the problem, under-funded agencies set up for monitoring, such as police, will have a harder time ensuring transparency and enforcing the law. Thus, a country with more wealth should have lower levels of corruption.

On the other hand, the argument that wealth decreases corruption is an endogenous problem because corruption may also decrease wealth. The violation of property rights may prevent citizens from leaving impoverished conditions. Previous studies have already proven the ill effects that corruption causes for the economy. Nevertheless, most scholars include a variable measuring the effect of wealth when they try to explain corruption cross-nationally. Such measurements may represent a theoretical oversight in explaining corruption, and further research may help explain the complex relationship between the economy and corruption. However, in keeping with previous scholars' works, I will measure the influence that wealth has on corruption while keeping in mind that corruption may also affect wealth.

Finally, rationalists study the type of government. Different democratic systems create different levels of competition. A federal structure creates more competition because of sub-jurisdictions. Such decentralization of federal states leads to more corruption because politicians only have to influence small segments of the government, and smaller actions are less visible. Fewer agencies exist to oversee and enforce honesty. Similarly, public officials may create stronger relationships with individuals in local government arenas. Thus, a country with a non-federalist structure should have lower levels of corruption.

In sum, under the rational choice theory, I will test four hypotheses. First, countries with a free press will experience less corruption. Second, countries with smaller populations will experience less corruption. Third, wealthier countries will experience less corruption. And fourth, non-federalist countries will experience less corruption.

Culture

Cultural theorists argue that culture "shapes the behavior and actions of people, both at the individual and collective levels." They understand culture "as an inherently fluid system of meaning, with multiple 'voices' and a complex influence on social, political, or economic processes." Cultural theories claim that countries have high levels of corruption because their norms and values permit it.

In general, cultural theorists blame a "culture of mistrust" for high levels of perceived corruption. Where corruption has become commonplace, citizens begin to lose trust in government officials. In a culture of mistrust, public officials may justify their corrupt actions by claiming that everyone else is also corrupt. Corruption becomes "a cultural legacy, building up over time and affecting the politics of an entire region for generations." Religion may affect the amount of corruption in a state. More hierarchical religions, such as Catholicism, Eastern Orthodoxy, and Islam, provide fewer challenges and checks on the behavior of public officials. Traditionally, these faiths teach believers obedience to authority and blind faith. Politicians develop an almost divine nature, and citizens will be less likely to challenge their actions. On the other hand, Protestant faiths are more individualistic and provide fewer opportunities to engage in corrupt behavior. Thus, Protestant countries should have less corruption.

Democratic norms may also explain the level of corruption. Democracy creates norms and values of equality and participation that condemn corrupt behavior. These values become engrained in society through a process of socialization. Over time, this process strengthens as values diffuse and spread to broader parts of society. Some scholars argue that a culture of democratic norms is a necessary step in eliminating corruption: "The public will not care about detecting, publicizing, and punishing corrupt acts unless broadly shared norms treat corruption as antagonistic to basic democratic values." A long history of democracy should show deeply rooted norms and lower levels of corruption.

In short, under the cultural theory, I will test two hypotheses. First, predominantly Protestant countries will experience less corruption. And second, countries with deeper democratic roots will experience less corruption.
This method promoted a common law system that upheld private property rights, encouraged commercial production, and enforced the rule of law. Common law systems help to reduce corruption by introducing powerful norms that stress compliance with established procedures and offer greater protection and recourse to individuals harmed by corruption. Contrastingly, other colonial powers used more mercantilist methods that privileged "status groups and explicitly impose[d] hierarchical relations of dependence."30

In addition, the level of colonial involvement also changed the historical outcomes of former British colonies.40 Great Britain colonized less complex areas because they were easier to restructure. On the other hand, other colonial powers left complex areas largely unchanged because the existing institutions were so hard to modify. Consequently, the postcolonial development of former British colonies also depends on the level of colonization, with heavier involvement leading towards more development. Thus, under the structural theory I will test one hypothesis: countries where Britain left strong colonial legacies will experience less corruption.

Research Design
To test the explanatory power of these theories for corruption, I operationalized the various variables and ran a linear regression. The 142 countries I studied included both democratic and authoritarian regimes, as well as high variance in economic development. I compiled my data for the year 2005.

Dependent Variable
I define corruption as the misuse of public office for private gain. Scholars frequently use this definition, and it is generally accepted in most mediums.41 To operationalize corruption, I used the 2005 CPI created by Transparency International. These scores range from 10 (least corrupt) to 0 (most corrupt). Transparency International constructs its index from nine to ten sources they had compiled during the previous three years. They use three types of sources: country experts, business leaders from developing countries, and resident business leaders.42 By using a standardized measure of corruption, I will more properly compare corruption cross-nationally. Because Transparency International only measures the perception of corruption, cultural differences may skew the measure and make it difficult to test the true influence of cultural values.

Independent Variables
I used several sources to compile data for my independent variables. First, I created a control variable for the level of democracy. I used Freedom House’s Political Rights score to operationalize democracy. Theoretically, adding the Civil Liberties score to the Political Rights one would create a more complete measure of democracy. However, Freedom House includes some of the other variables I am testing in their measure of civil liberties. Thus, I left the Civil Liberties measure out of my control variable for democracy to avoid multicollinearity.

To measure political rights, Freedom House uses a survey to determine the degree to which countries allow people to participate freely in the political process.43 The survey asks questions about three general areas—the electoral processes, political pluralism and participation, and the functioning of government—as well as an additional discretionary area. From the answers, Freedom House compiles a measure that ranges from one (best) to seven (worst). For the purposes of this study, I inverted the variable so that a seven represents more political rights, and a one represents less.

To measure the effect of media on corruption, I used a separate Freedom House survey that measures the freedom of the press. It asks questions about the affect on the media in three general areas: the legal environment, the political environment, and the economic environment.44 This measure ranks press freedom from zero (best) to one hundred (worst) and provides a value of the free flow of news and information. Once again, for the purposes of this study, I inverted this score so that one hundred represents the freest press and zero represents the least.

I found two variables measuring the effect of population size and wealth using the World Bank’s World Development Indicators database. For population size, I entered in the population value. To measure the impact of economic forces, I will use the measure for Gross Domestic Product (GDP) per capita measured in terms of Power Purchasing Parity (PPP).

I used the 2006 CIA World Factbook to construct two variables measuring the affect of federalism and Protestantism on corruption. I made federalism a dummy variable. Using the government type coding found in the World Factbook, all those labeled as Federal and Federal Republic received a one, and the remaining countries received a zero. For Protestantism, I recorded the percentage of the population that is Protestant.

Using the Polity IV Project data, I constructed a variable measuring the socialization of democratic values. The polity research tradition codes “the authority characteristics of states in the world system for purposes of comparative, quantitative analysis.”45 I used a sum of Polity IV’s polity two measure for every year that a country scored a zero or more. The polity two score combines the democracy and autocracy measures to provide a quantitative measure for the strength of democracy. It uses a scale ranging from negative ten (strongly autocratic) to positive ten (strongly democratic). Because I only want to test the positive effects that democratic values have on corruption and not the negative effects that an authoritarian regime might cause, I only added up the positive numbers.
in the polity two column and assigned a zero to countries without any democratic experience.

To test for the effect of British colonial rule, I used a measure constructed by Matthew Lange, James Mahoney, and Matthias vom Hau. They created a five-point scale measuring the different levels of colonialism in the former British colonies. I assigned each label a corresponding number ranging from zero (Low) to five (High).

**Collinearity**

Some of the variables I am using measure different phenomena that may be correlated. Therefore, I ran a factor analysis on all of the variables to test for multicollinearity; Table 2 shows the results.

Table 2: Factor Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Factor Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Rights</td>
<td>.814</td>
</tr>
<tr>
<td>Press Freedom</td>
<td>.876</td>
</tr>
<tr>
<td>Population</td>
<td>-.001</td>
</tr>
<tr>
<td>GDP (PPP) per capita</td>
<td>.800</td>
</tr>
<tr>
<td>Federal State</td>
<td>.302</td>
</tr>
<tr>
<td>Democratic Socialization</td>
<td>.872</td>
</tr>
<tr>
<td>Percent Protestant</td>
<td>.542</td>
</tr>
<tr>
<td>British Colonial Rule</td>
<td>.450</td>
</tr>
</tbody>
</table>

The results show that four variables—Political Rights, Press Freedom, GDP (PPP) per capita, and Democratic Socialization—loaded very heavily around 80 percent. Despite the statistical results, no one theory can justify combining all four variables. Theoretically, I can only combine the Political Rights and Democratic Socialization measures. A transitioning democracy must begin to learn and teach its citizens democratic norms and values, such as participation and accountability. Over time, these values spread and increase in strength through a process of socialization. As the democratic norms get stronger, democracy should have more support and provide a more effective government. Thus, the political rights should also increase with the socialization of democracy. Both factors seem to work together to explain the strength of democracy in a given country. Further, both variables measure similar aspects of democracy. Democratic Socialization measures the strength of the democratic norms and values in society, and Political Rights measures the freedom to participate in the political arena. However, the Democratic Socialization variable also measures the effectiveness of elections and other procedural parts of democracy. Consequently, I will construct a single index, the Democratic Consolidation Index, out of these two variables. To construct this index, I scaled the two variables the same and calculated their mean.

A second factor analysis (Table 3) reveals that the new index variable corrected some of the correlation, but the two remaining variables still loaded heavily in the analysis.

Yet, I cannot theoretically combine Press Freedom or GDP (PPP) per capita to any other variable. Thus, I will leave all the variables as they are and keep the one Democratic Consolidation Index.

Table 3: Factor Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Factor Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Press Freedom</td>
<td>.782</td>
</tr>
<tr>
<td>Population</td>
<td>.036</td>
</tr>
<tr>
<td>GDP (PPP) per capita</td>
<td>.813</td>
</tr>
<tr>
<td>Federal State</td>
<td>.360</td>
</tr>
<tr>
<td>Democratic Consolidation Index</td>
<td>.907</td>
</tr>
<tr>
<td>Percent Protestant</td>
<td>.593</td>
</tr>
<tr>
<td>British Colonial Rule</td>
<td>.525</td>
</tr>
</tbody>
</table>

**Results**

After operationalizing all the variables and correcting for multicollinearity, I set up my data to run an OLS regression. In the regression, I checked for statistical and substantive significance. I considered variables with a p-value lower than .05 as statistically significant. Then I looked for substantive significance by multiplying the standard deviations of each variable by its coefficient. Table 4 shows the results of the regression.

Only three variables showed statistical significance: Press Freedom, GDP (PPP) per capita, and Percent Protestant. Press Freedom has a p-value of .019; GDP (PPP) per capita has a .000 p-value; and the Percent Protestant variable has a p-value of .023. All the other variables showed no statistical significance.

Table 4: Regression

<table>
<thead>
<tr>
<th>Variables</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Press Freedom</td>
<td>.01* (0.004)</td>
</tr>
<tr>
<td>Population</td>
<td>-2.849E-10     (0.00)</td>
</tr>
<tr>
<td>GDP (PPP) per capita</td>
<td>.00*** (0.00)</td>
</tr>
<tr>
<td>Federal State</td>
<td>-.253 (0.26)</td>
</tr>
<tr>
<td>Democratic Consolidation Index</td>
<td>.001 (0.001)</td>
</tr>
<tr>
<td>Percent Protestant</td>
<td>.009* (0.004)</td>
</tr>
<tr>
<td>British Colonial Rule</td>
<td>.076 (0.07)</td>
</tr>
<tr>
<td>R</td>
<td>.912</td>
</tr>
<tr>
<td>R2</td>
<td>.832</td>
</tr>
<tr>
<td>N</td>
<td>142</td>
</tr>
</tbody>
</table>

*p<.10; **p<.01; ***p<.001.

Note: Unstandardized regression coefficients are shown with standard errors in parentheses.
To assess the substantive significance of each variable, I multiplied the coefficient of each factor by its standard deviation. Table 5 reveals the results. The same three statistically significant variables also have the highest substantive significance.

Table 5: Substantive Significance

<table>
<thead>
<tr>
<th>Variables</th>
<th>Substantive Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Press Freedom</td>
<td>.24</td>
</tr>
<tr>
<td>Population</td>
<td>-.04</td>
</tr>
<tr>
<td>GDP (PPP) per capita</td>
<td>1.63</td>
</tr>
<tr>
<td>Federal State</td>
<td>-.08</td>
</tr>
<tr>
<td>Democratic Consolidation Index</td>
<td>.18</td>
</tr>
<tr>
<td>Percent Protestant</td>
<td>.20</td>
</tr>
<tr>
<td>British Colonial Rule</td>
<td>.10</td>
</tr>
</tbody>
</table>

The Press Freedom variable shows a substantive significance of .24. This means that for each standard deviation in press freedom (24.33), the CPI increases by .24. Transparency International uses a ten-point scale to measure corruption and press freedom is measured on a one hundred-point scale. Therefore, the media needs to increase its freedom by almost a quarter to cause only a 2.4 percent decrease in corruption. Although this variable proves statistically significant and has the second highest substantive significance, a freer press does not dramatically reduce the level of corruption.

The Percent Protestant variable shows a substantive significance of .20. This means that for each standard deviation in the percentage of the population that is Protestant (22.42) the CPI increases by .20. This means that 22.42 percent of the people of any given nation need to convert to Protestantism in order to reduce corruption by only 2 percent. Once again, the variable does not cause a considerable change in the level of corruption.

GDP (PPP) per capita shows the greatest substantive significance at 1.62. This means that for each standard deviation of the variable (10,878) the CPI increases by 1.62. Thus, an $11,000 increase in per capita wealth reduces corruption by 16.2 percent. By far, GDP (PPP) per capita causes the greatest change in the perception of corruption. Therefore, I can conclude that wealth or poverty contributes to the explanation of corruption the most. As citizens begin to earn higher incomes, they have less incentive to accept bribes, and, consequently, politicians have less incentive to offer money for political support. However, as previously mentioned, this finding is problematic because corruption could be the cause of poverty in many countries. Corruption may prevent citizens from earning a better paycheck because all the power and funds are concentrated among the elite. To address endogeneity, I ran the regression again without controlling for wealth. Table 6 shows the results.

Once again, press freedom proved statistically significant, but the level of democratic consolidation also became statistically significant. Both variables have p-values of .000. Also, the Percent Protestant variable lost its statistical significance with a p-value of .318.

Table 6: Regression without GDP (PPP) per capita

<table>
<thead>
<tr>
<th>Variables</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Press Freedom</td>
<td>.028***</td>
</tr>
<tr>
<td>Population</td>
<td>-.775E-10</td>
</tr>
<tr>
<td>Federal State</td>
<td>-.0263</td>
</tr>
<tr>
<td>Democratic Consolidation Index</td>
<td>.006***</td>
</tr>
<tr>
<td>Percent Protestant</td>
<td>0.006</td>
</tr>
<tr>
<td>British Colonial Rule</td>
<td>-.044</td>
</tr>
<tr>
<td>R</td>
<td>.771</td>
</tr>
<tr>
<td>R2</td>
<td>-.594</td>
</tr>
<tr>
<td>N</td>
<td>142</td>
</tr>
</tbody>
</table>

*p<.10; **p<.01; ***p<.001.

Note: Unstandardized regression coefficients are shown with standard errors in parentheses.

To determine substantive significance, I again multiplied the coefficient by the standard deviation of each variable. Table 7 shows the results.

Table 7: Substantive Significance without GDP (PPP) per capita

<table>
<thead>
<tr>
<th>Variables</th>
<th>Substantive Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Press Freedom</td>
<td>.68</td>
</tr>
<tr>
<td>Population</td>
<td>-.11</td>
</tr>
<tr>
<td>Federal State</td>
<td>-.09</td>
</tr>
<tr>
<td>Democratic Consolidation Index</td>
<td>1.05</td>
</tr>
<tr>
<td>Percent Protestant</td>
<td>.13</td>
</tr>
<tr>
<td>British Colonial Rule</td>
<td>-.06</td>
</tr>
</tbody>
</table>

Both of the statistically significant variables also showed the highest substantive significance. Press Freedom increased from .24 to .68. Without controlling for wealth, a 25 percent increase in the media’s freedom reduces corruption by 6.8 percent. This number still does not reach the dramatic influence that wealth had on the level of corruption, but excluding wealth makes the media’s freedom cause almost a one step increase in the CPI. Therefore, I can conclude that the level of press freedom does partially explain corruption.

In addition, the level of democratic consolidation dramatically increased its influence on corruption and caused a substantive reduction in the CPI. The Democratic Consolidation Index shows a substantive signifi-
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cance of 1.05, so a one standard deviation increase in the consolidation of democracy reduces corruption by 11 percent. Thus, as democratic values and norms become more engrained in society, the level of democracy increases and corruption decreases.

Conclusion

Corruption represents a problem that every government must face. Although corruption affects every country, some have managed to mitigate its effects. I have shown that wealth, press freedom, and Protestantism correlate with reduced corruption in governments. A democratic culture may also reduce the occurrences of corruption.

On a broader theoretical level, these three factors represent both the rational choice and cultural arguments. Thus, it appears that determining the costs and benefits of corrupt acts provides important insight about whether or not a country will experience corruption. Likewise, certain cultures seem more adept at controlling corruption than others. These cultures promote honesty and pragmatism and label corruption as a threat to democratic governance.

Although this study did not find any significant structural argument, more work should be done to determine how historical factors besides colonialism affect corruption. This paper’s generalized focus largely excluded many possible structural factors.

In addition, my findings confirm and correct previous literature about corruption. In 2000, Sandholtz and Koetzle concluded that wealth, strong democratic institutions, and the length of democracy affect corruption. I have shown that wealth does indeed affect corruption, but my results also correct their initial findings. A democracy can have strong institutions that promote political rights but may still suffer from corruption. The level of accepted democratic norms and values is more important at explaining corruption. In another cross-national study, Daniel Treisman found that countries with Protestant traditions, histories of British rule, more developed economies, and a non-federal structure experience less corruption.47 My results confirm Treisman’s arguments for Protestantism and economic development, but they conflict with his conclusions that British colonialism and federalism affect the level of corruption. Both of these variables were neither statistically nor substantively significant in my study. And more recently, Xiaohui Xin and Thomas Rudel identify poverty, large populations, and different political cultures as causes of corruption.48 Once again, my study confirms the idea that culture and wealth affect the levels of corruption; however, I found that large populations did not cause a significant change in corruption. Despite these confirmations and corrections, more work needs to be done to determine how economic wealth and corruption relate to each other and affect the other variables.

Although press freedom, wealth, and religion are important factors, they mean little for honest policymakers looking for quick fixes. Fighting corruption first requires long-term efforts to increase the wealth of a nation. Economic development is a problem for many of the same countries that are trying to eliminate high levels of corruption. Likewise, changing the religious beliefs of most of a society is very difficult, especially in authoritarian regimes that deny freedom of religion. Thus, policymakers must focus on different incentives for engaging in corrupt acts. They need to grant the press freedom to monitor and report on the actions of various government leaders. Also, they should create protections for reporting the truth and make necessary information public. Promoting the rule of law by increasing the autonomy of the judiciary and the efficiency of the police force will also help ensure the media’s freedom. Making these reforms will begin the process necessary for other changes to occur that will help control corruption.

NOTES


5. Mauro


7. Xin and Rudel, p. 295.


9. Sandholtz and Koetzle, p. 43.
10. Warren.

12. Ibid., p. 7.

18. Drury.

24. Xin and Rudel.
25. Treisman.
26. Xin and Rudel.
27. Ibid., p. 298.
29. Treisman.
30. Lim, p. 88.
31. Ibid.
32. Xin and Rudel, p. 298.
33. Ibid.
34. Treisman.
35. Sandholtz and Koetzle, p. 38.
36. Lim, p. 79.
39. Ibid., p. 1416.
40. Ibid.
41. Emerson; Golden and Chang 2001; Sandholtz and Koetzle; Chang and Golden 2004; Xin and Rudel.