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## Latin American Corruption in Geographic Perspective


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# Latin American Corruption in Geographic Perspective

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## **Abstract**

Corruption, the misuse of public office for private gains, is a cancerous phenomenon in Latin America, although it varies widely among countries in the region. This paper opens with a brief review of the causes and consequences of corruption, including the decisive roles of poverty, inequality, illiteracy, democracy, and the media. It then delves into the deep historical roots of corruption in the region, which in some cases extend to the colonial period. The third part offers a series of national vignettes to highlight the spatial unevenness of corruption. Fourth, it assesses Latin American corruption using an index from Transparency International, maps it, and offers some simple correlations to examine its ties to national well-being. The conclusion summarizes the findings and notes the ineffectiveness of anti-corruption campaigns.

Keywords: *corruption, governance, transparency*

## **Resumen**

La corrupción, el abuso del cargo público para obtener beneficios privados, es un fenómeno canceroso en América Latina, aunque también varía ampliamente entre los países de la región. Este documento comienza con un breve examen de las causas y consecuencias de la corrupción, incluidos los papeles decisivos de la pobreza, la desigualdad, el analfabetismo, la democracia y los medios de comunicación. A continuación, se profundiza en las raíces históricas de la corrupción en la región, que en algunos casos se extienden a la época colonial. La tercera parte ofrece una serie de viñetas nacional para resaltar la desigualdad espacial de la corrupción. En cuarto lugar, se evalúa la corrupción Latinoamericana utilizando un índice de Transparencia Internacional, mapas, y ofrece algunas correlaciones simples para examinar sus vínculos con el bienestar nacional. La conclusión resume los hallazgos y observa la ineficacia de las campañas de lucha contra la corrupción.

Palabras claves: *corrupción, la gobernabilidad, transparencia*

## Introduction

Although corruption is a deeply entrenched part of the political economy of most countries, Latin America seems particularly affected by it. Many countries are wracked by periodic corruption scandals, which are typically met by anemic anti-corruption efforts. It is undeniable that corruption is a concern among Latin Americans. For instance, a 2014 Pew Research Center study found that among the nine Latin American countries surveyed, corruption was seen as a “very big problem” by a substantial majority—second overall only to crime (Pew Research Center 2014). Systemic and widespread corruption throughout the region has depressed the sale price of firms (Gaviria 2002), lowered land productivity and accelerated deforestation (Bulte *et al.* 2007), and undermined the legitimacy of many regimes (Seligson 2002). For many Latin Americans, corrupt police and bureaucrats are accepted facts of life.

Despite the fact that it varies markedly among (and even within) countries, corruption has received little attention from geographers, and few have studied it in the context of Latin America. This paper aims to fill that void. The goal is to explicate the uneven spatiality of corruption, i.e., to understand how and why it varies so dramatically across the region. Because corruption is deeply intertwined with local economic, political, and cultural circumstances, there is no “one-size-fits-all” model, although economists have attempted to construct one, without success (Jain 2001; Aidt 2003). The paper explores the spatiality of corruption in Latin America through several avenues. First, it offers a definition of corruption and an overview of its origins and impacts. Second, it contextualizes Latin American corruption historically. Third, it discusses several prominent contemporary national examples. Fourth, it delves empirically into the geography of corruption in the region with a brief statistical analysis and cartographic display. The conclusion summarizes the major findings and points to the road ahead.

## Corruption: Its Nature, Roots, and Consequences

The conventional definition of corruption is the use of public office and funds to achieve private benefits (Bardhan 1997, 2006). The term encompasses a wide variety of activities, such as bribes, graft, extortion, embezzlement, over-invoicing, theft of foreign aid, inflation of payrolls, tolerance of smuggling and poaching, the purchase of legislative votes, nepotism in hiring, and the illegal sale of government contracts, licenses, and concessions. All of these are, at least officially, deemed to be illegal and immoral, although laws to define and combat corruption vary considerably. Corruption occurs at a variety of institutional scales, ranging from individual police officers or customs officials to organized kleptocratic regimes engineered to enrich a well-connected elite at the public’s expense.

Corruption is a rent-seeking behavior that occurs when the expected benefits exceed the costs (Klitgaard 1988). The benefits include monetary gains as well as political power and office. Corruption is most likely to occur when the likelihood of being caught or exposed—and subjected to the associated penalties—are relatively low, which in turn is largely derivative of the transparency of government transactions, the nature and severity of administrative oversight, and the channels of accountability.

A number of factors may enhance or inhibit corruption. Corruption tends to be most severe in poor countries, particularly when those most reliant on public services must pay bribes in order to obtain them. Low salaries of public employees are a common cause (van Rijckeghent and Weder 2001). Low literacy rates also facilitate corruption as uninformed populations cannot know the severity of corruption within the echelons of the state. In countries without an effective independent media, which serves as watchdog and whistle blower, corruption tends to be widespread and severe (Brunetti and Weder 2003; Freille *et al.* 2007). Autocratic states also tend to be more corrupt than democracies, as corruption flourishes in secretive environments in which deals and decisions are made out of view of the public eye (Jain 2001). In contrast, democratic societies generally generate mechanisms for accountability and the enforcement of laws that make corruption more difficult and dangerous (Moreno 2002).

Democratization, however, does not immunize a country against corruption, as our consideration of democracy in Latin America will show. Przeworski and Limongi (1997) found that while economic development does not need to precede democratization, higher levels of development are associated with greater stability of democratic governments. The early stages of democratization can actually breed greater corruption (Montinola and Jackman 2002), perhaps due in part to tradeoffs between authority, access to resources, and accountability (Philp 2001). In uncertain political environments with weak party systems, conflicting visions of the ideal social order can lead to weak opposition to undemocratic trends (Levitsky and Cameron 2003), as well as to difficulty of delivering on electoral promises, reduced credibility, and ultimately to clientelism (Keefer 2007; Keefer and Vlaicu 2008). In the absence of strong party systems (Mainwaring and Scully 2008) and democratic rule of law (O'Donnell 2004), political actors turn to patrons or clients to accomplish their ends, often to the detriment of their constituents and the wider public. Nations that democratized in the late twentieth century additionally encountered economic, political, and ideological forces that promoted democratic regimes while simultaneously undermining institutions that would strengthen civil society and foster accountability (Kurtz 2004; Weyland 2004). Available evidence suggests, however, that democracies mature over time, leading to reduced corruption (Treisman 2000, 2007; Montinola and Jackman 2002).

Democratic or otherwise, states and economies vary in many ways that influence the incidence of corruption. The origin of legal systems has widely been found to predict levels of corruption (La Porta *et al.* 1999; Treisman 2000). The admittedly mixed evidence generally supports a negative correlation between trade openness or level of imports and corruption (Ades and Di Tella 1997; Treisman 2000, 2007; Torrez 2002). The presence of natural resources can induce rent-seeking behaviors and diminish accountability because governments are less dependent upon their tax base. Larger governments also tend to be less corrupt than smaller ones (La Porta *et al.* 1999; Friedman *et al.* 2000), perhaps because they develop in institutional environments that more effectively prevent corruption (Getz and Volkema, 2001).

Corruption is deeply embedded in local cultural contexts, including norms and value systems that may tolerate the practice to various degrees (see Barr and Serra 2010). As Bardhan (1997: 1330) puts it, "What is regarded in one culture as corrupt may be con-

sidered a part of routine transaction in another.” One source of variation is the relative extent to which a society has moved from traditional patterns of organization to an impersonal ethic of interaction (Andvig 2006). The prevalence and forms of corruption may also vary from country to country according to which sectors draw high- or low-status individuals and as a function of variation in the extensiveness of networks of obligation and loyalty (Granovetter 2007). Often when corruption is deeply entrenched, it may be tolerated simply as another part of doing business; private gain at public expense is not inevitably seen as an intolerable sin. Bribes are occasionally viewed simply as a necessary evil, a means to get the bureaucratic machinery to move forward. In addition, highly patriarchal cultures tend to suffer from higher degrees of corruption more than societies in which women hold substantial numbers of public positions (Goetz 2000; Swamy *et al.* 2001; Treisman 2007).

The effects of corruption are numerous, pernicious, and debilitating. A large body of literature in economics has documented the impacts of corruption on markets (Mauro 1995; Bardhan 1997; Aidt 2003; Rose-Ackerman 2006). Severe corruption is often associated with reduced foreign direct investment (Wei 2000; Habib and Zurawicki 2002). By raising transaction costs, corruption increases the costs of doing business and reduces profits in the private sector. Circumvention of legitimate channels of government reduces tax collections (Friedman *et al.* 2000), and corruption is associated with the size of shadow economies in low-income countries (Dreher and Schneider 2010). Corruption raises the barriers to entry for those lacking in political connections (Fisman 2001) or the funds for bribes and kickbacks. Corruption is also associated with income inequality (Li, Xu, and Zou 2000; Gupta, Davoodi and Alonso-Terme 2002; You and Khagram 2005), and typically imposes the greatest costs on the poor. These effects are sufficiently widespread that many international lending agencies and non-governmental agencies tie their aid packages to attempts to combat corruption.

Widespread corruption reduces public morale and creates substantial cynicism and distrust of the state. Seligson (2002, 2006) found in surveys of people in several countries that corruption engendered beliefs that the state served only elites and that the interests of the public played little role in higher levels of decision making. Corruption constrains the efficiency and effectiveness of public policies, facilitates mismanagement and theft, and often means that public funds (e.g., subsidies or money for construction or public health programs) do not reach their intended targets. Government contractors who obtain funds from corrupt regimes often engage in unsafe construction practices or produce substandard products, or may build luxury homes for the elite at public expense. Corruption in public employment often manifests as nepotism and cronyism, circumventing meritocratic hiring systems and putting into office unqualified or incompetent staff. Corruption can also undermine the quality of education and retard progress in eliminating illiteracy.

### **The Historical Context of Latin American Corruption**

Corruption has a long history in Latin America, and at times threatens the legitimacy of political regimes (Seligson 2002; 2006). Spanish mercantilism in the Americas is particularly illustrative. Spain's financial needs, its domestic pressures, and the relatively

small, uncommitted settler elite together fostered a highly extractive approach to colonial rule and a highly stratified set of societies. The result was a corporate system that engendered dependency and cooperation (North *et al.* 2000). This system rested on the exchange of economic and political rights for loyalty; consequently, there was little basis for the development of institutions that would guarantee such rights for populations at large (see also Acemoglu *et al.* 2001). The emergence of autonomous legal norms was undermined by clientelism, and such tenuous rule bred considerable illicit economic activity, driven in large part by the dispossessed *mestizos*. The resulting environment was ripe for rent-seeking. The intense, violent competition that ensued favored charismatic leaders—*caudillos* like Mexico's Porfirio Díaz—who were able to tie together these armed bands into larger coalitions to seek wealth (Wolf and Hansen 1967). This anarchical climate—lacking the firm rule of law, independent legal institutions, and consensus about the bases of a legitimate political order—facilitated continued conflict. In short, the relatively undeveloped state apparatuses of the colonial powers provided little basis for state building (Coatsworth 2008). Moreover, the political environment following independence set the stage for a legacy of clientelism, corruption, *personalismo*, and authoritarian rule (Vanden 2004).

Whether inequality was directly inherited from the colonial period (Sokoloff and Engerman 2000; Acemoglu *et al.* 2001) or instead heightened over the nineteenth century in the conditions left by the collapse of colonial rule (Bulmer-Thomas 2003; Coatsworth 2008), at the turn of the twentieth century Latin America was characterized by extreme inequality that persists tenaciously today. Although the region saw faster growth during the post-WWII period, and standards of living improved, this progress was not necessarily accompanied by improved governance (Astorga *et al.* 2005). The sudden burst of democratization in the region in the late 1970s and 1980s sparked debate about the institutions needed for successful democratic governance (Huntington 1991; Philpott 2004).

The liberalization of the 1980s may be expected to be associated with lower corruption (Manzetti and Blake 1996; Gerring and Thacker 2005), and it is true that throughout Latin America relatively democratic political systems tend to be less corrupt than autocratic ones (Little 1996; Davis, Camp, and Coleman 2004; Canache and Allison 2005). However, Latin American democratization has left something to be desired. Weyland (1998) argues that democratization in the region brought new opportunities for corruption, in part due to the *personalismo* of Latin American politics. Although Vanden (2004) identifies the development of a movement toward a more participatory, pluralistic politics that emphasized civil society development despite the limitations of regional media (Hallin and Papathanassopoulos 2002), Weyland (2013) claims the populist right behind neoliberalism has been followed by a populist left steering the region toward Chavez-style authoritarianism. Weyland notes, however, that this turn toward authoritarianism has not spread to countries that emerged from this process as relatively secure democracies: Chile, Costa Rica, Uruguay, Mexico, Colombia, and Costa Rica.

## National Variations in Latin American Corruption

Unfortunately, most analyses of corruption are couched in largely aspatial terms, fail to explore ways in which geography is intimately bound up in the phenomenon. Corruption exhibits a broad range of severity and forms throughout Latin America (Morris

and Blake 2010), reflecting varying colonial histories, legal systems, degrees of media freedom, and histories of democracy. Popular attitudes toward corruption also vary within the region (Licht, Goldschmidt, and Schwartz 2007; Lavena 2013). As much as the countries of Latin America have in common, each is exceptional; and each point of contrast calls into question one-size-fits-all views of development and governance.

Chile stands out as the anti-corruption success story of the past 40 years. Like Brazil, Chile experienced relative stability soon after independence (North *et al.* 2000) and had an outspoken Church leadership during the build-up to democratization, unlike Argentina (Philpott 2004). Like Uruguay – another country with relatively little corruption – Chile emerged from military rule to return to a relatively well-functioning democracy (Mainwaring and Scully 2008), with the attendant institutions that limit corruption. Schamis (1991) further suggests that the authoritarian regimes in Chile and Uruguay, which emerged in the 1970s, stood in contrast to the authoritarian rule that had emerged elsewhere in earlier decades. And unlike much of the region, Chile is relatively ethnically homogeneous and was somewhat developed already in the 1980s (Alesina *et al.* 2003). Thus, Chile's unique trajectory and characteristics suggest limits to policy prescriptions for battling corruption.

Venezuela is perhaps the most egregious case of Latin American corruption. The phenomenon pre-dated the Chávez regime, and undermined democratic institutions there, notably mainstream political parties (Gates 2014). However, under Chávez corruption reached new heights as petroleum exports created massive incentives for rent-seeking, severely impairing the government's ability to function effectively (Corrales and Penfold 2007). Little of the petro-revenues trickled down to the middle class (Dietz and Myers 2007), in part because of the lack of effective political opposition. Venezuela thus suffers from the classic “resource curse” that plagues many African countries (Hammond 2011; Kott 2012). A clearer case of the linkages between corruption and authoritarian governance is difficult to find. Some Latin American countries with histories of authoritarianism have become democratic, while Venezuela – which had been relatively democratic for decades despite the presence of oil – has declined in this respect (Di John 2007, 2010). While the Chávez regime offered the appearance of democracy, upon closer inspection it more closely resembled a Bolivarian state in which multiple interest groups struggled for power (Gates 2014), setting the stage for widespread abuse of public authority. Not surprisingly, given this climate, collusion between public officials and private managers has long been a major concern of the business community (Perdomo 1990).

In marked contrast to Venezuela, corruption in Colombia is relatively contained, a reflection of its more decentralized political system, stable democracy, thriving markets and robust political opposition (Langbein and Sanabria 2013). The incidence of bribery varies among cities. Although drug lords, such as those in the Cali cartel, engaged in widespread bribery and violence (Chepesiuk 2003), even this threat was ultimately contained, a situation quite different from that in Mexico. Much of the variation in corruption across the Colombian landscape reflects varying levels of economic development among its departments, notably reliance on minerals and drug trafficking (Poseda 2013).

Brazil also exemplifies severe degrees of corruption, which reflect entrenched institutional histories (Geddes and Neto 1992; Fleischer 1996). Neither the transition to

democracy between 1985-1988, nor the ambitions of successive presidential administrations have curtailed it (Adorno 2013). In 2002, a corruption scandal led to the resignation of several federal level cabinet ministers under President Luiz Inácio Lula da Silva and damaged the reputation of the ruling Workers' Party (PT) (Flynn 2005). More recently, *The Economist* reported that the PT – if not current president Dilma Rousseff herself – has been implicated in a colossal scandal involving state-run oil giant Petrobras, which apparently paid \$5 billion in bribes. The investigation of sitting politicians, including arrests, has severely shaken the country's elite (Romero 2015), including popular demands for Rousseff's resignation due to her role in the company in the 2000s, when massive bribery and money laundering are suspected to have occurred. Petrobras is responsible for a considerable share of Brazil's fixed investments, and the scandal has highlighted long-standing demands for heightened accountability (see Taylor and Buranelli 2007). In Brazil, as in many countries undergoing corruption scandals, accountability is divided into oversight, investigations, and sanctions, all of which are necessary for the establishment and maintenance of public trust. As Lyne (2008) notes, Latin American voters are often faced with a dilemma, namely, whether to support powerful presidents whose regimes are fragile when faced with political crises or to vote for legislators and multiparty regimes that may be unstable and dysfunctional.

Argentina is an interesting laboratory to observe Latin American corruption, exhibiting forces that both enable and constrain it. Argentine corruption takes a variety of forms, ranging from bribery among high ranking officials to widespread allegations of police on the take (Hinton 2005). Interestingly, corruption varies spatially within the country; as Kaufmann, Kraay and Zoido-Labatón (2000: 10) note, "In Argentina, corruption in procurement and budget allocation was found to be common in the province of Corrientes. In contrast, in the city of Buenos Aires, a participatory program to enhance transparency in procurement is bringing about major improvements." The frequency of scandals among the Argentine elite has led to "scandal fatigue," a condition that inspires little public moral outrage (Waisbord 2004), a situation amplified by the decline in the country's watchdog press (Pinto 2008). Argentina's Anti-Corruption Office, which has had mixed success, has played a role in dampening the abuse of public offices there (De Michele 2001).

Corruption has long been deeply engrained in Mexican political culture (Ionescu 2011). Morris (1991, 2009) conducted an extensive study of Mexican corruption, concluding that it served the interests of elites, who pay bribes in order to conduct their affairs, but among the public led to low levels of trust in the government. Widespread suspicions of corruption among the Mexican public have generated substantial distrust of the state (Morris and Klesner 2010). While the country's gradual transition to more democratic political regimes may be expected to mitigate corruption (Bailey and Paras 2006), the enormously destructive and violent drug wars, the rise of powerful cartels and *narcotraficantes* who have infiltrated many local state apparatuses, and the government's authoritarian response, have undermined any progress in this regard (Freeman 2006).

Guatemalan corruption has effectively left large sections of the country under the control of drug lords and crime syndicates (Brands 2010). The country's elites routinely enrich themselves at public expense, a process that has given rise to organized crime



and frequently threatens its fragile peace accord (Gavigan 2009). In many respects the country is so riddled with corruption it is on the brink of becoming a failed state (Isaacs 2010). Such was the level of mass dissatisfaction that in 2015 popular demonstrations led to the resignation and imprisonment of President Otto Pérez Molina following an anti-corruption investigation of customs fraud by the International Commission against Impunity in Guatemala (Dada 2015).

Peru offers a reservoir of anecdotes about corruption, with a lengthy history stretching back to the colonial era, including contraband silver, smuggling, endemic patronage networks, misused guano revenues, military graft, and war profiteering (Quiroz 2008). Under the Fujimori administration (1990-2000), rigged elections and bribes of congressmen were commonplace (Conaghan 2005; Schulte-Bockholt 2013). Torture and drug trafficking were not unknown. Despite Fujimori's faux populism, substantive government decisions were made out of sight of the public in a political climate ripe for abuse. Although Peru established a special Anti-Corruption System to enforce accountability, it was undermined by an obsession with expeditiousness at the expense of legal evidence, or *legalidad de la prueba* (Navarro 2006). Because it undermines the rule of law, corruption in Peru has negatively affected illegal logging (Smith *et al.* 2006) and health care (Hunt 2007).

Finally, corruption is also readily evident in the Caribbean, hampering development there (Collier 2005). Haiti stands out as the worst case study. Long run as a fiefdom of the Duvalier dynasty, recent attempts at democratization have done little to reign in graft. Billions of dollars in international aid over several decades have had little positive impact for development and social welfare. International aid that flowed in following the January 12, 2010, earthquake, for example, was diverted by corrupt officials and military officers (Oliver-Smith 2010). Widespread shoddy construction amplified the country's vulnerability and increased casualties (Ambraseys and Bilham 2011). In sharp contrast, Barbados and the Bahamas exhibit relatively low levels of corruption, which calls to mind the argument put forth by Treisman (2000), viz, that corruption is inversely related to a legacy of British rule, Protestantism, and long bouts of democracy. Following La Porta *et al.* (1999), Treisman maintains that former British colonies have stronger traditions of common law (as opposed to Spanish civil law) and thus stronger protections for property rights and better systems of governance. Such countries typically have federalized systems of governance in which competition among agencies for bribes keeps the incidence relatively low. Moreover, the British emphasis on the procedural aspects of law, even when it threatens established hierarchies, maximizes the likelihood that corruption will be exposed.

This survey of national differences could continue, but by now the point is clear: corruption varies widely among, and sometimes within, Latin American countries. This spatiality reflects the unique conjunction of political and economic circumstances that either enable or constrain corruption in different nations, including the degree to which power is centralized, structures of democratic governance, media freedom, and tolerance of political opposition, levels of economic development, and their varying roles within the world economy (e.g., as drug exporters or not).

## The Empirics of Latin American Corruption

To move beyond case studies, it is necessary to view Latin American corruption more systematically using quantitative measures. The primary source for measuring corruption worldwide is derived from Transparency International (TI) (Transparency International 2014), a worldwide NGO that monitors corruption and offers advice as to how to combat it. TI brings to light the most flagrant cases of corruption, advises companies regarding the laws concerning extortion and bribery, and offers tools to reduce it (e.g., Integrity Pacts).

TI is well known for its Corruption Perceptions Index (CPI) of public sector corruption, which it has produced annually since 1995. The CPI is by far the most commonly used measure of corruption in the world, and combines several types of information gathered from surveys and interviews with officials in different countries as well as expert assessments by 13 sources, including the World Bank, TI's Bribe Payers Survey, the World Justice Project, the Bertelsmann Foundation, Freedom House, Political Risk Services International, and *The Economist* Intelligence Unit. At least three of these units contribute to the measure of corruption in each country, and most reflect the opinions of seven to eight. TI normalizes its CPI on a scale ranging from zero (most corrupt) to 100 (least corrupt).

Table 1 displays the distribution of Latin America's population by the level of severity of corruption. None falls into the category of "Least Corrupt," with CPI greater than 80 (a group largely confined to the world's highly developed countries). A handful of countries qualify as "Slightly Corrupt," including Chile, Uruguay, and Puerto Rico, but collectively comprise only about four percent of the region's population. About 36 percent of Latin Americans, or 218 million people, live under governments TI labels as "Moderately Corrupt;" this group is overwhelmingly dominated by Brazil. More than one-half the region's population, or 324 million people, lives in countries ranked "Very Corrupt," including most of Central America as well as Mexico, Argentina, Peru, Bolivia, Paraguay, and Colombia. Finally, two states – Haiti and Venezuela – qualify as "Extremely Corrupt," with CPI scores under 20.

Table 1: Latin American Corruption by Level of Severity, 2014

	Corruption Index	Population (millions)	% of Pop.
Least corrupt	$\geq 80$	0	0
Slightly corrupt	60-79	25.5	4.2
Moderately corrupt	40-59	218.4	36.0
Very corrupt	20-39	324.0	53.4
Extremely corrupt	$\leq 20$	<u>38.9</u>	<u>6.4</u>
Total		606.8	100.0

Source: calculated by authors.

Latin America's corruption scores are displayed spatially in Figure 1. Chile and Uruguay emerge as the least corrupt. Brazil and Cuba form a secondary tier. Guatemala and Honduras have been swept by recent corruption scandals (Malkin 2015). Again, Venezuela and Haiti are seen as the region's two most corrupt states.



Figure 1: Transparency International Corruption Scores for Latin America, 2013.

To what extent is corruption in Latin America related to levels of economic development and various indicators of social well-being? Although small sample size and low statistical power render more rigorous analyses questionable, we present simple correlation coefficients of the CPI with measures such as Gross Domestic Product (GDP) per capita in Table 2. The strong and positive correlation between GDP per capita indicates that wealthier countries tend to be considerably less corrupt than poorer ones (e.g., the contrast between Haiti and Uruguay), although Venezuela renders this interpretation

problematic. Corruption scores were negatively and significantly correlated with change in GDP in 2013, indicating that corrupt countries grew more slowly (or declined) relative to less corrupt ones. The direction of causality here is unclear, i.e., whether corruption hinders GDP growth or whether slow or negative growth enhances corruption; the relation may be simultaneously determinant. Corruption indices are positively and significantly correlated with literacy rates, which is not altogether unexpected. In contrast to studies that assert corruption and inequality are intimately intertwined (Li, Xu and Zou 2000; You and Khagram 2005), we found no significant relationship between inequality and corruption in the region.

Finally, the CPI was also negatively correlated with the Freedom House index of political freedom ([www.freedomhouse.org](http://www.freedomhouse.org)), the world's most common measure of media freedom and censorship. Freedom House is an NGO that rates countries on the basis of several measures, including electoral freedoms and civil liberties, the number of political parties, human rights abuses, autonomy of minorities, and media censorship. Scores on this measure range between 1 and 7 score (1 = most open; 7 = least open). The significant, inverse correlation with corruption indicates that it is most severe in politically repressive environments, notably those without an independent media, a finding that concurs with arguments put forth by Brunetti and Weder (2003) and Freille *et al.* (2007). Although Cuba ranks as Latin America's most repressive state, high levels of repression and corruption also exist in Haiti and Venezuela; conversely, the least repressive governments, such as Costa Rica, Chile, and Puerto Rico, tend to exhibit the lowest levels of corruption.

Table 2: Transparency International Corruption Score Correlations

GDP per capita*	<b>.66</b>
% change GDP 2013	<b>-.44</b>
Gini coefficient	.02
Literacy rate	<b>.36</b>
Freedom House score	<b>-.66</b>

\*Purchasing Power Parity

Bold indicates significant at .95 confidence level.

Source: calculated by authors.

## Concluding Thoughts

Corruption in Latin America may not, on average, be as severe as that in Africa or Central Asia (a low bar in any case), but it nonetheless has numerous deleterious effects on the region. Corrupt political regimes mismanage public funds, misuse foreign aid, discourage foreign investment, hamper economic growth, and magnify social inequality and distrust of the state. Latin American countries range greatly in the severity of their corruption as well as the causes that give rise to it. In some countries the resource curse is largely to blame (e.g., Venezuela); in others, the legacy of *caudillos* and *personalismo* (e.g., in Guatemala); in yet others, foreign policies, including support for dictators and neo-

liberal structural adjustment lie at the root (e.g., Mexico). Chile and Uruguay are model states, while Venezuela resembles Middle Eastern petrodictatorships and Haiti falls in the mold of African kleptocracies. This paper has argued that the roots of corruption lie in the region's colonial past, autocratic political regimes with little accountability, a lack of transparency (notably due to constraints on the media), low public employee salaries, and cultures that accept it as natural or inevitable. Whereas neoliberalism carried the promise of reduced corruption through the disciplinary powers of the market (Manzetti and Blake 1996), this vision has failed to materialize.

A variety of national models of corruption are found throughout the region. Countries with long histories of repressive states (Haiti, Paraguay, Honduras, Nicaragua) tend to fare the worst, whereas emerging democracies with higher standards of living, even those with (relatively briefer) histories of authoritarian rule, tend to do much better (Costa Rica, Chile, Uruguay). Empirically, Latin American corruption is statistically correlated with low economic growth and illiteracy, but not income inequality.

Like many parts of the world, Latin America has witnessed a plethora of anti-corruption campaigns (Tulchin and Espach 2000). Often funded by external donors, including the World Bank and NGOs, these attempts rarely have more than momentary impacts, and may be diverted into vendettas against domestic political opponents. Typically such efforts amount to little more than hollow rhetoric, the punishment of a few sacrificial lambs, and little substantive change. Reducing or eliminating corruption entails long-term economic development and political reform: more equitable distributions of income; an informed, politically engaged citizenry; an active watchdog media; stiff penalties for misbehavior; and a culture that does not accept graft as an inevitable fact of daily life.

It is important to note that what was once seen as loyalty may now be decried as patrimonialism or nepotism, whereas what was once avaricious, self-interested, or calculating has become the normalized behavior of civil society and the market. The moral and legal rules according to which corruption is defined are being rewritten throughout much of the world (Andvig 2006), criminalizing some behaviors and neutralizing others (Granovetter 2007). The impartial ethic required for good governance in the modern sense developed only gradually and unevenly (Rothstein and Teorell 2008), necessitating not only new institutions but also new ideas.

Mungiu-Pippidi (2006: 90), for example, classifies Latin American democracies as “competitive particularist societies” transitioning between patrimonial and universalistic norms. Corruption indices have been found to correlate strongly with measures of rationalized governance (Drori *et al.* 2006), giving credence to the proposition that corruption is not only culturally variable but that even the dominant definition must be positioned with respect to variable cultural contexts. Drori *et al.* (2006) find that integration into world society is an important predictor of rationalized governance. Integration into world society is a story that must also be told spatially, as the forces of globalization have altered and recombined the world unevenly (Bauman 1998). The significance of telecommunications should not be emphasized to the exclusion of other factors, but it would seem, for example, that the Internet and related technologies established an environment conducive to actors, such as WikiLeaks, which propagate ideas about government transparency. A

focus on such underlying values, technologies, and organizational patterns might call into question the utility of the conventional distinction between forms of corruption in the public and private sectors.

Whether instruments capture perceptions of corruption or participation in corrupt behaviors (types of measures which do not necessarily correlate; Morris 2008), they reproduce these modern, universal notions about the kinds of interests, transactions, and organizations that are legitimate and those that are corrupt. For this reason, Drori *et al.* (2006) implicate Transparency International as a moral actor complicit in the diffusion of a particular set of ideas about corruption, which Sampson (2010) calls “anti-corruptionism,” the self-sustaining ideology of the “anti-corruption industry.” Sampson continues,

The resources, rhetoric and organisational interests of the anti-corruption regime now lead an existence independent of the actual phenomenon of corruption itself. Anti-corruptionism now projects itself onto the global landscape as a series of policies, regulations, initiatives, conventions, training courses, monitoring activities and programmes to enhance integrity and improve public administration. (2010: 262)

Through use of these measures, definitions, and values, researchers are moral actors, too. Moreover, quantitative measures fixate on the incidence of corruption itself; a fuller understanding of the spatiality of corruption will require tracing the deployment of resources—“knowledge, people, money, and symbols” (Sampson 2010: 262)—which constitute the spatially- and temporally-bound anti-corruption industry.

Balán (2011) observes that whatever the sources of corruption itself, *corruption scandals* are intensely political, and result from political competition. In this sense, scandals are a good thing, and expose corruption that would otherwise go unnoticed. Variability in media coverage and public concern (Williams and Beare 1999; Waisbord 2004; Sampson 2010), the feedback loop between estimations of corruption and studies based on them (Treisman 2007), gaps in experts’ knowledge (Morris 2008), and the conflation of various forms of corruption by measures of corruption (You and Khagram 2005; Ruhl 2011), should all give researchers pause. These measures are designed with efforts to reign in corruption of a particular sort, and this task should not be confused with understanding corruption empirically (Wilson in preparation).

Standardized conceptions of corruption will not apply evenly to each region, to each nation, or to each remote village. A further empirical question is whether researchers in every case are concerned with corruption in a modern, universalistic sense. Latin America’s peculiarities call instead for concepts and models tailored to the region (Wolf and Hansen 1967; Przeworski and Limongi 1997; Thies 2005; Bortoluci and Jansen 2013). Much is lost in the attempt to apply to universal laws to particular cases (Weber 1975). Greater attention should be paid in future research to the particular definitions, historical constellations of causes, and historically specific effects of corruption appropriate to each region, which may not be suited to explanation by models developed from the European and North American experiences, which have tended to be the norm against which other systems of governance are judged.

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