PARTY SYSTEM EFFECTS AND THE SCOPE FOR CORRUPTION IN MODERN DEMOCRACIES

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Abstract

This dissertation seeks to examine why democratic systems and electoral competition can sometimes fail to secure clean government in the interest of the electorate. The question of why voters support corrupt politicians, despite disapproving of corruption itself, is of critical importance if it is to be believed that corruption has a detrimental effect on development. The core argument of this dissertation is that party system features that improve accountability by shaping the efficacy of elections as tools to select and control politicians, play a vital and overlooked role in conditioning the scope for corruption. I conceive of governmental corruption as a classical principal-agent model, in which voters' relationships with their representatives are mediated by the extent to which party systems enable the electorate to select non-malfeasant politicians who seek to curb corruption and to hold accountable those who do not. This thesis purports that party systems which reduce agency problems confronting voters, by making available information regarding the quality of their incumbents and potential challengers and structurating effective, choices at the polls, decrease the latitude for governmental corruption. This thesis probes this argument through a controlled comparative analysis of corruption in 91 contemporary democracies and three nested-design case studies. The large-N analysis and the case studies of Panama, India, and Mexico offer broad support for these hypotheses.

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Chapter One

Introduction

Over the last two decades, the political and economic processes associated with the end of the Cold War had spurred the resurgence of interest in the study of political corruption. As the number of democratic and democratising regimes increased, so did the number of theories and data that reflected this changing environment. The entry of new political actors into the democratic fold facilitated the expansive cross-national quantification of incidence and perceptions of corruption, contributing to comparative theory and empirical analyses which probes the causes and consequences of corruption. This newly available data on corruption contradicted the established modernisation argument that, for some countries, corruption plays a functional role in the development process (Leff 1964; Huntington 1968). On the contrary, corruption was now linked to diminishing the overall material welfare of citizens, as well as the overall economic prosperity of a country (Sachs and Warner 1995; Mauro 1998; Poirson 1998; Ades and di Tella 1999; Goldsmith 1999; La Porta et al. 1999; Leite and Weidmann 1999; Abed and Davoodi 2000; Sandholtz and Koetzle 2000; Treisman 2000; Mo 2001; Paldam 2002; Gerring and Thacker 2005; Treisman 2007). The deleterious effects of corruption have not gone unnoticed by voters, whose disdain for malfeasant politicians and corruption in general has been empirically documented in several recent studies (Transparency International Global Corruption Barometer 2009; 2013; Pande 2011; Tansel and Akarca 2012; Winters and Weitz-Shapiro 2013).

Democracies, by definition, institute freely contested regular elections which, in theory, should enable their citizens to effectively choose their leaders and representatives and punish them when they do not act in voters' best interests. Knowing that citizens around the world disapprove of corruption, it is all the more perplexing that the democratisation and

transformation of post-Soviet and Latin American countries, alongside the continued consolidation of third-wave democracies, had failed to diminish high levels of corruption variation across the world's democracies. Incongruence in levels of corruption is equally high among well-established democracies, as corruption scandals in countries like Belgium, the UK, and Italy have demonstrated in recent years. In theory, electoral accountability provides voters with a mechanism by which to select representatives who will act in their interest and curb corruption, and punish those who fail to do so while in office. But, as numerous studies point out (Kurer 2001; Chong et al. 2011; Vivyan, Wagner and Tarlov 2012; Svolik 2013), electoral accountability frequently fails and voters return to office incumbents who are corrupt or are tolerant of existing corruption. This dissertation aims to examine why democratic countries are sometimes unsuccessful in decreasing corruption and securing clean governments that represent the interests of their voters. Focusing on the link between accountability and governmental corruption, it argues that the existing literature has overlooked the role of party systems in conditioning electoral accountability through the structuration of incentives and opportunities for politicians to engage in corruption and through application of constraints for voters to hold their representatives to account.

In pursuing this argument, I build on the theoretical and empirical work that examines the institutional determinants of corruption. The comparative scholarship examining corruption from an institutional perspective largely focuses on constitutional and electoral features of a polity as the relevant elements that condition relationships between politicians and voters. The research findings, however, offer conflicting interpretations. Despite the empirical discrepancies, the theory underlying the majority of this scholarship focuses on the accountability relationship between politicians and voters, identifying this relationship as the means of defining the system's levels of corruption. Surprisingly, while empirical research

leans heavily on accountability, it often does not directly address the mechanism by which this accountability can be exercised: elections. The theory of accountability asserts that 'elections hold the few who govern accountable to the many who are governed' (Prewitt 1970: 6) and emphasises elections as the means by which voters can select, reward and punish politicians. However, as Anderson (2007) notes – and the empirical scholarship intuits – elections are powerfully shaped by the institutional context within which they occur. The empirical studies of corruption have offered hypotheses and yielded empirical findings that describe and evaluate the constitutional and electoral causes of corruption; but party systems remain curiously overlooked in corruption scholarship. This highlights a serious disjuncture between theoretical and empirical literatures on corruption, as the wider comparative scholarship perceives party systems as an equally important institutional aspect that conditions voters' ability to hold their politicians to account (Mainwaring 1993; Freeze and Kitschelt 2010; Samuels and Shugart 2010; Dalton and Anderson 2011; Karp and Banducci 2011). This dissertation undertakes the challenge of bridging that gap.

Theoretically, I conceive of corruption as a classic principal-agent issue that occurs when the contract that oversees the delegation of authority between voters (the principals) and their political representatives (agents) is violated. I posit that through the structuration of patterns of fragmentation, institutionalisation and governing dominance, party systems condition the potency of elections as mechanisms that allow voters to choose clean politicians and hold to account those who are not. Party systems shape the scope for corruption in the way that they condition informational asymmetries between voters and politicians and the way that they ensure the effectiveness of voters' choices at the polls. This dissertation sets out a series of hypotheses that outline how the risk of political corruption increases in the context of party systems that reduce information available to voters, which would enable them to identify

clean and corrupt politicians, and limit voters' opportunities of casting an effective vote when selecting clean politicians and punishing malfeasant ones. These arguments are assessed empirically through a controlled comparative analysis of corruption in 91 democracies and three case studies that individually examine the underlying mechanisms that drive these relationships, providing the first systematic analysis of the impact that party systems have on conditioning levels of political corruption. In the following sections, I describe previous research that hypothesises and establishes institutional causes of corruption and outline existing studies that intuit and partially consider party systems as a determinant of corruption. In the next section I explain the theoretical motivations that drive the choice of the principal-agent (PA) framework as an appropriate model for the examination of the relationship between voters and politicians, as structured by party system features. I then provide an overview of my overall argument which sets out the expectations for party system effects on levels of corruption. The explanation of the choice of the research methods is followed by the dissertation's empirical, methodological and theoretical contributions. I conclude with the overview of the structure of the thesis.

Corruption and Institutions: Previous Research

Scholars attempted to explain the differences in corruption between democracies by probing the relationships between corruption and economic conditions, socio-cultural environments, and political institutions. As levels of corruption in countries with similar economic and social conditions have shown to be substantially varied, the focus shifted to the study of political institutions as potential sources for the disparity in corruption level outcomes. I explore this literature below.

The effort to identify the causal mechanisms which engender corruption, most frequently defined by scholars and practitioners as 'the misuse of public office for private gain'[1] (Kunicova and Rose-Ackerman 2005: 277), has produced an extensive literature on the effects of cultural, economic and institutional factors.[2] By far, the most comprehensively researched questions concern the impact of economic development and competition on corruption, establishing that high levels of economic development and economic competition are associated with lower levels of corruption (Sachs and Warner 1995; Mauro 1998; Poirson 1998; Ades and di Tella 1999; Goldsmith 1999; La Porta et al. 1999; Leite and Weidmann 1999; Abed and Davoodi 2000; Sandholtz and Koetzle 2000; Treisman 2000; Mo 2001; Paldam 2002; Gerring and Thacker 2005; Treisman 2007; Heckelman and Powell 2010). Other scholars identify inherited and cultural attributes as the underlying factors which explain variance in societies' tolerance of corruption, drawing on generalised trust, religion and cultural values as powerful predictors of corruption (Lipset and Lenz 2000; Adsera et al. 2003; Gerring and Thacker 2004; Uslaner 2004; Sandholtz and Taagepera 2005; Lambsdorff 2006; Fisman and Miguel 2007). The focus on political institutions as driving factors underlying corruption mechanisms gained traction as it became apparent that corruption levels varied drastically in countries with similar cultural and economic conditions.

In the last two decades, comparative scholarship on institutional effects of corruption has securely established that institutions can inhibit or facilitate accountability, thus providing the scope for inhibiting or reducing corruption (Montinola and Jackman 2002; Adsera, Boix and Payne 2003; Ferraz and Finan 2011; Costas-Perez, Sole-Olle and Sorribas-Navarro 2012; Dahlstrom, Lapuente and Teorell 2012). Specifically, long-term exposure to democratic electoral institutions has been shown to reduce corruption (Goldsmith 1999; Sandholtz and

[1] Chapter 2 addresses my definition of corruption, which not only includes the individual misuse of public office for private gain, but also considers the tolerance of malfeasance by public officials and bureaucrats.
[2] See Gerring and Thacker (2004) for an in-depth overview of previous studies on corruption.

Koetzle 2000; Treisman 2000; Paldam 2002; Persson, Tabellini and Trebbi 2003; Gerring and Thacker 2004). Despite this, corruption at the expense of the citizenry remains a significant problem in new and established democracies, emerging when access to information on malfeasance or tolerance of malfeasance is inhibited and politicians fail to represent their constituents' best interests. This variance has spurred a number of studies that consider the independent effects of democratic institutions on shaping corruption.

The three most prevalent forms of democratic institutional design that have captured the attention of scholars of corruption relate to: 1) executive-legislative relations resulting from presidential or parliamentary form of government; 2) federal design; and 3) electoral rules, specifically concerning the differences between proportional representation and plurality rule and the relevance of district magnitudes.[3] However, the theory underlying the effects that these institutions have on corruption bifurcates into arguments that emphasise effects of competition and assertions that see clarity of responsibility (or voters' ability to effectively identify who is responsible for policy outcomes) as central to limiting corruption. This theoretical dichotomy has led to contradictory findings in empirical studies observing the same institutional effects.

Regime effects play a significant role in the development of institutional theory of corruption. Scholars who pursue the clarity of responsibility approach find that parliamentary systems lead to lower levels of corruption due to the fact that they centralise power and, thus, clarify accountability and increase transparency (Shugart and Carey 1992; Panizza 2001; Bergman et al. 2003; Gerring and Thacker 2004; Kunicova and Rose-Ackerman 2005; Lederman, Loyaza and Soares 2005). Their colleagues who concentrate on the effects of competition argue that

[3] Kunicova (2006) details the essential literature for each of these topics.

the separation of powers between executive and legislative branches sets out institutional checks and balances that inhibit the abuse of power (Persson, Roland and Tabellini 1997; Alt and Lassen 2008; Hellwig and Samuels 2008). Similar discrepancies underlie the interpretation of decentralisation effects, captured by the varying degrees of autonomy granted to local governing units. Proponents of the clarity of responsibility argument contend that the diffusion of power between levels of government leads to the reduction in accountability and, therefore, leads to increased levels of corruption as political opponents across various levels of government shift responsibility and conceal their malfeasance (Gerring and Thacker 2004; Kunicova 2005; Kunicova and Rose-Ackerman 2006). Others, however, posit that inter-governmental competition increases direct accountability for local politicians and their actions and thus reduces corruption (Fismann and Gatti 2002).[4]

Electoral systems represent another institutional feature that has been shown to structure accountability linkages which could lead to or contain corrupt exchanges. Not unlike the work on constitutional effects, research detailing electoral system effects on corruption offers contradictory findings. Applying the clarity of responsibility reasoning to electoral systems, Kunicova and Rose-Ackerman (2005) find that plurality systems enhance accountability and decrease corruption because they allow voters to clearly discern responsibility for policy outcomes and, as a result, to punish public officials whose performance falls below their expectations. Others support these findings, but caution that the effect of direct accountability is likely to be counterbalanced by the existence of fairly high barriers to entry in plurality systems, which can potentially reduce the competitiveness of the system (Persson and Tabellini 2003; Persson, Tabellini and Trebbi 2003). On the other hand, Chang and Golden (2004; 2007) argue that increased competition, as prevalent in open-list proportional

[4] Several scholars rule out the significance of federal constitutions altogether when other, powerful, control variables are considered (Treisman 2000; Panizza 2001; Adsera et al. 2003; Treisman 2007).

representation systems with high district magnitudes, undermines accountability linkages and thus leads to greater levels of corruption in the system. In summary, the theoretical expectations underlying electoral systems remain unclear.

The comparative literature on institutional determinants of corruption examines how the quality of accountability shapes the scope for malfeasance; however, the clashing theoretical arguments deriving from this common understanding lead to contradictory empirical findings that do not plausibly account for alternative explanations (Tavits 2007; Treisman 2007). I posit that the discrepancy of the findings derives from two important concerns. Firstly, as has been previously suggested, the variation in conclusions regarding effects of political factors is driven by omitted variable bias (Lambsdorff 2006). Kunicova (2006: 156) and Manow (2005, in Lambsdorff 2006) point out that the role of political parties in shaping corruption has thus far been ignored, despite their mediating effects on the relationships between voters and politicians (Ezrow 2007). Because the behaviour of political parties is shaped by the nature of the party system, which sets out the scope for inter-party competition, I propose that the omitted variable is in fact party systems, not parties themselves. Party systems co-exist with a variety of other institutional frameworks – presidential and parliamentary; federal and unitary; and plurality and proportional electoral systems – and effectively shape voters' ability to select and hold politicians to account (Karp and Banducci 2011). Due to party systems' importance in conditioning electoral accountability for voters, it is likely that the studies of institutional factors underlying corruption, which so heavily rely on accountability structures, have omitted party systems as the critical causal link.

Secondly, comparative literature on institutional causes of corruption distinguishes two separate mechanisms that shape voters' ability to select and reward or punish politicians for

their actions in office. This work tends to focus either on clarity of responsibility, which allows voters to detect malfeasance among their representatives, or competition, which constrains their ability to punish corruption due to ineffective availability of voting choices. But, as this work shows, the scope for political corruption is affected by both of these aspects: voters' ability to identify and select clean politicians and their ability to hold them to account for their actions in office. In the following sections I develop an argument that integrates these aspects of accountability within the framework of party systems.

Party Systems and Corruption: Clues from Existing Research

The previous section showed that scholars studying institutional effects on the scope for corruption consider accountability linkages between voters and politicians. Although these analyses diverge on the exact mechanism conditioning accountability, they are unified in concluding that when accountability structures are undermined - and voters cannot identify public officials responsible for poor governmental outcomes and are unable to punish them at the polls – the scope for corruption increases. Integrating analysis that accounts for the structuration of accountability by party system features will help address the omission in the existing causal chain and supplement institutional theory of corruption determinants.

Despite an overwhelming concentration on constitutional and electoral design as political determinants of corruption, research that details the effects of party systems on accountability and political malfeasance has not been entirely absent. Specifically, scholars with specialised regional knowledge have begun to explore it through case study research (Chang and Golden 2004; della Porta 2004; Nyblade and Reed 2008; Golden 2009; Chang, Golden and Hill 2010), with particular focus emerging on the micro-level data from Japan and Italy, two countries that experienced damaging levels of governmental corruption in the last two

decades, and some African countries (Manning 2005; Kopecky 2011). Similar to other institutional studies of corruption, this literature focuses exclusively on one aspect of accountability: the competition between and within parties. The case study literature provides an excellent springboard for theory-building; however, the emerging findings are restricted in their level of generalisability. Furthermore, these studies exclusively concentrate on the motivations and incentives available to politicians and do not take into account how institutional features may also damage the ability of voters to hold their elected officials accountable for their actions in office.

The case study approach has led others to probe the effects of party systems in more expansive datasets. Two recent studies provide a more nuanced examination of accountability arrangements, as determined by party system features, in relation to corruption (Tavits 2007; Charron 2011). In her study of political institutions and accountability in OECD[5] and East European democracies, Tavits builds a theory based on clarity of responsibility[6] and provides the first cross-national analysis of party system features. She finds that governments in countries where responsibility for government decisions and actions is clearer tend to be less corrupt than those where lines of accountability and responsibility are blurred. Voters sanction ineffective governments and reward effective ones with re-election based on government outputs. Their ability to assign responsibility for economic and political outcomes is determined by the level of unified control over policy-making. Low clarity of responsibility exists when different institutions share control of the government, which allows

[5] The Organisation for Economic Co-operation and Development (OECD) comprises 34 member states: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

[6] Tavits bases her theory on the comparative economic voting literature, first conceptualised by Powell and Whitten (1993) but later developed by others (Anderson 2000; Powell 2000; Nadeau, Niemi and Yoshinaka 2002; Bengtsson 2004; Samuels 2004).

for the diffusion of responsibility. When the voter is unable to determine which members of government to punish or reward due to the diffusion of responsibility, the potential for engaging in corruption for politicians increases. Using four indicators of clarity – single-party government, cabinet stability, lack of opposition influence on policy making, and low party system fragmentation – Tavits establishes that clarity of accountability reduces corruption. She tests the indicators of clarity of accountability as a multiplicative set, as well as separately, and her party system fragmentation indicator tests significantly in both models.

Despite Tavits's significant findings, the crux of her theory does not directly link party systems to variation in levels of corruption, as her main goal is to establish the importance of institutional clarity of responsibility overall, rather than investigate the indicators more specifically. Charron (2011), on the other hand, probes the gaps in the empirical and theoretical literature on the effects of electoral system features on corruption by examining the relationship between party fragmentation (effective number of parties) and electoral formula and their combined effects on levels of corruption. Using data from 70 democratic and semi-democratic countries, he finds that the impact of party systems on corruption is significantly conditioned by the type of electoral formula employed. His main finding is that multipartism has a strong and negative effect on levels of corruption in countries with single-member districts (SMD), while this effect is absent in countries with proportional representation systems. The theory underlying the empirical results is based on the idea that in SMD systems, both the incumbent and opposition parties face different incentives to engage in/expose corrupt behaviour.

The studies described above provide important first contributions to how party systems can shape and affect levels of corruption in a polity. However, these analyses effectively test only

one aspect of a party system: the effective number of parties. Similar to other institutional studies of corruption, the authors focus exclusively either on clarity of responsibility (Tavits) or structuration of competition (Charron). Finally, these two studies offer a limited cross-national analysis, especially Tavits who only investigates OECD and East European democracies. And while Tavits, unlike most other scholars studying corruption from an institutional perspective, considers voters' ability to monitor and punish elected officials, Charron concentrates exclusively on the roles of parties themselves in responding to incentives for corruption.

This dissertation builds on the existing gaps in institutional literature on corruption and expands the theoretical and empirical scope of the few studies that have so far probed the effects of party system features on corruption. The following section briefly outlines the theoretical approach of this dissertation.[7] The purpose is twofold: to clarify what causal party system mechanisms drive existing differences in corruption, as captured by three features of party systems, and to provide a more nuanced theoretical approach that not only highlights the incentives and opportunities for corruption available to politicians, but also addresses the deficiencies in accountability linkages that prevent voters from holding their politicians responsible for malfeasant behaviour while in office.

Corruption and Political Accountability: The Case for Party Systems

The presence of corrupt exchanges in a polity indicates a breakdown of accountability linkages between voters and their elected representatives. The delegative relationship between voters and politicians in most modern democracies is rarely direct because political parties act as an accountability catalyst that shapes these relationships. How parties interact

[7] Chapter 2 provides a detailed theoretical conceptualisation of party systems, corruption and their hypothesised relationship.

with each other and how they compete for seats in parliament and access to government is to a great extent shaped by the nature of the party system, or the nature of the 'regular and recurring interactions among its component parties' (Wolinetz 2006: 52). Conceiving of the party system as 'a set of parties that interact in patterned ways' (Mainwaring and Torcal 2006: 205), it becomes evident that this institutional feature significantly qualifies the accountability relationships between voters and politicians. By structuring the 'forms and modes' of competition for access to the legislature and government among the system's parties (Duverger 1954: 203) party systems shape voters' access to information and the electoral choices available to them. As such, electoral accountability is in part motivated by the structure of the idiosyncratic interactions between parties in a party system.

Party systems, in effect, serve to link citizens and their representatives through the process of aggregating and delivering electoral resources to voters. To address the role of party systems analytically, I examine the relationship between voters and politicians using the principal-agent framework. Employing this framework helps me identify and examine the sources of delegation problems between voters and politicians.

A Principal-Agent Approach

Modern democracies are characterised by the delegation of authority at various levels of government (Strom 2000). As voters, citizens bestow authority on elected officials who, in turn, take on the responsibility of representing citizens and their interests in public office. By voting politicians into office, voters establish a 'contract' that obligates elected politicians to follow specific rules while they are in office (della Porta and Vannucci 1999). But delegation relationships are imperfect due to the existence of informational asymmetries between voters and elected officials. When politicians engage in corrupt behaviour or tolerate such behaviour

by others, the delegation contract between the voter and the politicians is violated as it fails to reflect the representation of voters' best interests. Because of the informational asymmetries prevalent in the interactions between voters and politicians, politicians may engage in corruption or fail to regulate against corruption while being able to conceal these activities from voters (Persson, Roland, and Tabellini 1997; Ferejohn 1999). The principal-agent model (Barro 1973; Ferejohn 1986; Shleifer and Vishny 1993; della Porta and Vannucci 1999; Rose-Ackerman 1999; Schedler 1999; Bergman et al. 2003) helps explain why and under what conditions political actors choose to act malfeasantly or to acquiesce to such behaviour by others and why they do not. In other words, the agency model provides a framework to analyse the sources of problems in delegation relationships between voters (principals) and elected officials (agents) (Andersson and Bergman 2009).

Two important agency problems are prevalent within the PA framework. Problems of adverse selection and moral hazard arise when principals know less than their agents, which is typical of relationships between voters and politicians. Adverse selection becomes an issue when the agent possesses attributes that the principal cannot observe (Lupia 2003). Adverse selection is prevalent during elections, when potential agents (electoral candidates) project particular qualities, whether or not they actually possess them. The problem of moral hazard occurs 'when agents, once selected, have incentives and opportunities to take unobservable action contrary to the principal's interests' (Strom 2003: 62). Both adverse selection and moral hazard problems can enhance the scope for corruption. Adverse selection problems constrain voters in obtaining relevant information regarding the quality of candidates competing at elections, thus providing opportunities for candidates to misrepresent themselves during elections only to later break the delegation agreement with their voters. Moral hazard issues

can inhibit the effectiveness of voters' electoral choice, as the difficulty of identifying malfeasant incumbents can prevent voters from 'throwing the rascals out'.

Party systems help condition principal-agent accountability linkages between politicians and voters in two important ways: 1) by regulating the availability of information regarding the quality of electoral candidates and actions of politicians while in public office and 2) by structuring the degree of choice during elections. In this way, party systems can help overcome or magnify problems of adverse selection and moral hazard. Variation in party system features, which include party system institutionalisation, fragmentation and governing party dominance, can condition levels of corruption by enhancing or diminishing the flow of information to voters and structuring electoral choices. The choice driving the examination of these specific party system features, which are assessed in greater detail below, derives from the application of the principal-agent framework which explores how informational asymmetries and electoral choice structure the extent to which voters are able to overcome existing disproportionate informational advantages that politicians have over voters, and structure the choices of voters during elections. As a result, party systems affect the magnitude of agency problems that exist between voters and politicians. Another source of variation in party systems, which is prevalent in scholarly literature on corruption and party system typologies, is the nature of competition for votes, which is most frequently bifurcated into programmatic and clientelistic competition (Shefter 1994; Kitschelt 2007; Keefer 2007). These modes of competition differ fundamentally and have direct implications for adverse selection and moral hazard, with party systems that function along programmatically structured parameters offering a choice of competitive policies (Keefer 2007; Keefer 2011), whilst clientelistic competition largely rests on the provision of narrow material benefits to voters (Kitschelt 2007). In the initial stages of this dissertation, I considered the inclusion of

this party system parameter. However, I was unable to proceed for theoretical and empirical reasons. From a theoretical perspective, clientelism, defined as 'a particular mode of "exchange" between electoral constituencies as principals and politicians as agents' (Kitschelt and Wilkinson 2007: 7), has the potential to be closely linked to governmental corruption. And while clientelism can exist separately from governmental corruption, there are also instances – such as vote-buying (Chandra 2007: 86) – which make the separation of the two concepts tricky and may potentially lead to the conflation of causes with effects. Adding to the difficulty of separating clientelism from corruption is the reality of data limitations, especially when considering the large-N cross-country dataset. Kitschelt and Kselman (2012) developed a systemic, cross-national dataset that gauged programmatic and clientelistic competition; however, their data was not available for public dissemination and I was unable to identify other indicators that would both effectively capture clientelism and provide such data for the majority of the countries in my dataset. For the above-stated reasons, I do not include competition variation along the programmatic/clientelistic spectrum into the analysis of party system effects on corruption, and focus instead on institutionalisation, fragmentation and governing party dominance. The following section provides further insight as to how individual aspects of party systems can affect corruption.

Overview of the Argument

In this section, I describe the party system components – party system institutionalisation, party system fragmentation and governing party dominance – that comprise my theoretical model and detail how they can affect accountability links between voters and politicians and, as a consequence, shape the scope for corruption. My theoretical approach examines how variation in aspects of party systems can enhance or mitigate adverse selection and moral hazard issues and, consequently, affect voters' capacity to identify and select politicians and

public officials who do not engage in and regulate against corruption, as well punish those who do. The theoretical framework is developed in greater detail in Chapter 2.

Party System Institutionalisation

I conceive of party system institutionalisation as stability of inter-party competition and organisational strength of parties.[8] These aspects of institutionalisation can have a significant impact on amplifying or reducing agency problems for voters and shaping incentives for malfeasance and underperformance of public office holders. A party system can be described as institutionalised when patterns of inter-party competition remain stable over time and parties are capable of securing electoral support from one election to the next over a prolonged period of time (Mainwaring 1999). Additionally, institutionalised party systems feature strong party organisations that act as definitive vehicles for career advancement for ambitious political candidates. Greater fluctuation in electoral support, whether within party organisations or in the overall party system, signals a less sustainable model of party competition, which generally characterises weakly institutionalised party systems. A party system with stable patterns of interactions facilitates the fostering of more effective representation (Mainwaring and Zoco 2007), predicating voters' electoral choices on party labels, which are used as informational shortcuts. Stability of competition interactions also enhances opportunities for voters to reward or punish politicians for policy outcomes, as electoral competition remains regular. When party systems are weakly institutionalised, as a result of high levels of electoral volatility or rise and death of parties between elections, the informational cues to citizens become less clear, as voters lose their ability to use parties' institutional histories to make effective choices at the polls. This may lead to problems of adverse selection, with citizens lacking substantive information regarding the intentions of

[8] Chapter 2 and 4 explain the decision to employ this particular conceptualisation of party system institutionalisation and address the departure from the seminal and often-used schemata developed by Mainwaring and Scully (1995).

potential candidates, increasing the likelihood of electing politicians who may fail to use their time in the public office to regulate against corruption. The fluidity of the party system may also lead to rising moral hazard concerns. If parties disappear between elections, voters have little power to hold those politicians to account. Weak party organisation, characterised by the failure of parties to serve as the key instrument to advancing political careers, also enhances moral hazard issues for voters. The inchoate nature of organisation facilitates the movement of politicians between parties – party-switching – which raises informational costs for voters and potentially complicates their selection mechanisms at the polls. At the same time, the fluidity of party organisation can enhance politicians' ability to conceal their underperformance or malfeasance while in office, as they anticipate the agency problems that arise for voters.

Party System Fragmentation

As the most identifiable and frequently used feature of the party system, fragmentation (commonly equated with the effective number of parties) considers the number of parties that effectively compete for legislative and governmental control. Fragmentation levels vary substantially across the world's democracies. In some systems, even in the context of multi-party elections, the effective number of competing parties is recorded as lower than two. In other countries, such as Papua New Guinea where over fifty parties effectively compete at the polls, fragmentation is rife. Most systems, however, present with moderate levels of fragmentation.

The theoretical framework that I outline in Chapter 2 hypothesises that party system fragmentation can adversely influence electoral accountability when it reflects the extremes of its spectrum. In other words, very low and very high degrees of fragmentation can enhance

adverse selection and moral hazard concerns for voters and expand the scope for corrupt behaviour and tolerance of by politicians. Because democratic party systems with a severely restricted number of effective parties indicate the presence of electoral hegemony, found exclusively in dominant party systems, I explore the agency challenges presented by such conditions in the section on governing party dominance below. In this section, I concentrate on the effects of high party system fragmentation on electoral accountability and corruption.

High levels of fragmentation may negatively affect the electoral accountability relationship between voters and politicians, although the underlying mechanisms differ from those of party systems with low levels of fragmentation. A high number of electoral parties raises the likelihood of adverse selection concerns for voters, who face increased informational costs in assessing the performance of incumbents and evaluating the potential of the multiple challengers (Maeda 2010). The overabundance of opposition challengers can also affect the scope for moral hazard problems. In situations where voters can detect malfeasance by their incumbents, they may be thwarted in their effort to punish such politicians due to the difficulty of coordinating on a viable challenger to the incumbent. This implies that high levels of fragmentation raise the likelihood that malfeasant incumbents can stay in power even when their policies and behaviour are largely rejected by the electorate. Lastly, high party system fragmentation in the legislature enhances the possibility of moral hazard problems by obfuscating clarity of responsibility among governing partners. The greater number of coalition partners may obfuscate voters' ability to assign responsibility for policy outcomes, allowing politicians to shift blame for corruption to their coalition partners, further blurring lines of accountability and restricting voters from detecting and punishing malfeasant politicians.

Governing Party Dominance

Dominant-party systems, or systems where a governing party maintains incumbency over a prolonged period of time, feature reduced levels of competition that lead to a decrease in responsiveness to the electoral base (Scheiner 2005). The decreased threat of deposition weakens accountability mechanisms, as few incentives exist for politicians to curb corruption (Mershon 1996; della Porta and Vannucci 1999). Governing party dominance enhances the scope for agency problems and, as a consequence, increases the latitude for corruption in two key ways. Firstly, the mechanisms by which the governing party established dominance lead to the centralisation of party organisation, which establishes the dominant party as the only means of achieving political office. As a consequence, the dominance in the party system is sustained by virtue of serving as the only political vehicle that could garner a governmental position. The internal structuration of party organisation in dominant party systems presents raised agency issues for voters, as politicians angle to secure the favour of the dominant party, rather than offer representation to their electorate.

The second mechanism that is likely to negatively affect voters' control of politicians arises as a result of the presence of information and resource asymmetries in the dominant-party system. Informational and resource asymmetries facilitate the incumbent's control over public policy agenda, including structural changes to the rule-defining electoral competition, and access to government resources. This presents opportunities for greater moral hazard issues, as dominant parties can introduce or heighten barriers to entry for competitors in order to maintain continued electoral dominance. A reduction of competition at the polls leads to decreased opportunities for voters to punish incumbents, as they face limited choice for challengers at the polls. In other words, reduced competition inherent to dominant party

systems means that while voters may be aware of malfeasant behaviour of their politicians, they lack the ability to punish them.

In summary, party system features structure the relationship between voters and politicians by mitigating or enhancing agency issues, which in turn have an effect on the levels of corruption within a given polity. The different degrees of party system institutionalisation, fragmentation and dominance structure voters' access to information and choice at the polls. Furthermore, incentives and opportunities for corruption increase when politicians are aware that highly fragmented competition, reduced competition and weak institutionalisation obfuscate voters' ability to monitor and punish those who abuse their political office.

Scholarly Contributions

Methodological Contributions: A Comparative Mixed-Methods Strategy

This dissertation employs a mixed-methods approach to research design. The combination of methods draws on the strengths of a) large-N quantitative methods, b) within-case, theory-guided empirical analysis, and c) subnational analysis (Hall 2003; Falleti 2006). The empirical investigation proceeds in two stages, combining a controlled, large-N comparative analysis with 'nested' case studies that are well-predicted by the quantitative findings (Lieberman 2005). The choice to use a mixed-methods research model stems from the notion that when benefits inherent in a single methodological method are used in complement with each other, the researcher can overcome limitations that equally reduce the validity of each single method (Capoccia and Freeden 2005; Lieberman 2005; Drozdova and Gaubatz 2010). Large-N statistical comparison provides the researcher with the ability to study a representative sample of cases, overcoming problems of external validity (Gerring 2007), while simultaneously providing generalisable conclusions regarding the relationship between

variables of interest (Coppedge 1999). Furthermore, statistical analysis facilitates the establishment of *inference* - effect of X on Y - while controlling for the effects of alternative explanations (Capoccia and Freeden 2005). But, large-N analysis cannot help establish causal *mechanisms*, as it provides a broad and thin analysis (Gerring and Thomas 2005; Gerring 2007). Case studies, on the other hand, can facilitate the discovery of causal mechanisms, or the pathways from the explanatory variable to the dependent variable, by allowing the researcher to clarify the reasons behind the effects. As such, case studies provide internal validity with a deep investigation of alternative causal relationships (Gerring 2007). Thus, while statistical analysis brings empirical confidence by virtue of aggregation, case studies shed light on the pathways of causality resulting from their inherent deeper focus.

The mixed methods research design of this thesis follows the 'nested analysis' design, whereby case studies are selected from the larger universe of cases in the large-N analysis (Lieberman 2005). The combined utilisation of the two methods helps 'improve the quality of conceptualisation and measurement, analysis of rival explanations, and overall confidence in the findings of the central study' (Lieberman 2005: 436). Nested design allows the researcher to use the mixed methods in complement with each other, whereby large-N analysis establishes the correlations and rules out rival explanations, guiding the selection of case studies, and case study analysis specifies the measurement instruments and the model set out in the large-N (Lieberman 2005). By studying the same empirical issue from parallel perspectives, the quality of the research is enhanced. The large-N dataset used in this thesis facilitates the identification of statistically well-predicted cases which are representative of the larger sample on key independent variables.

Case Study Selection: Subnational and Within-Case Analysis

The findings of the controlled comparative analysis draw preliminary theoretical inferences, providing the first test for the analytical hypotheses outlined in the theory chapter. They also help shape the second part of the thesis – case study analysis. Case study selection is driven by the consideration that selected cases are typical in that they are well-predicted by the statistical model.[9] The focus on outcomes from a single state mitigates issues of variation in forms, rules and political patterns that would be problematic in a cross-country comparison or a subnational comparison.

The cases have been selected to serve multiple purposes within the scope of this thesis. Firstly, they help test the process-related implications of my theory, demonstrating that the mechanisms outlined in my theory are indeed the relevant party system mechanisms which undermine or enhance accountability. Secondly, the cases provide a degree of nuance to the theory that is impossible to attain in large-N analysis due to operationalisation difficulties. Case studies provide the opportunity to explore deeper concepts of the underlying phenomena, thus allowing the researcher to carry out a more sophisticated and rich analysis. This addresses some of the measurement challenges existing in the large-N that inhibit exploring linkages between voters and politicians due to the bluntness of variables required for cross-national comparison. Lastly, case studies allow the researcher to address issues of reverse causality and endogeneity. While large-N analysis offers limited tools with which to probe reverse causality, the complex nature of the relationship between corruption and party system features necessitates additional tests of causal mechanisms behind the effects gleaned

[9] Initial case study selection and analysis were considered using the method of structured, focused comparison. This approach applies the logic of most-similar design for conducting comparative research, a method that provides the opportunity to minimise extraneous variance (Peters 1998; Brady and Collier 2004; George and Bennett 2005). I proceeded to select cases that addressed each feature of the party system in its effect on corruption, with each paired comparison asking the same question of each case to ensure comparability that addressed the theoretical objective. Unfortunately, the reality of cross-national structured comparison meant that there was far too much variance in alternative explanations, making it exceptionally difficult to isolate party system effects on corruption. For this reason, I altered the research method to include subnational and within-case process tracing.

in the large-N. The case studies offer the ability to historically analyse a much more extended period of time to bear in considering the causal ordering in the relationship between party system institutionalisation, fragmentation and governing party dominance and corruption.

My case study analysis focuses on three countries: Panama, India and Mexico. Each case study is 'nested' in the larger universe of the large-N analysis and considers findings from a single country. The Panamanian case quantitatively probes within-case mechanisms of institutionalisation within a weakly institutionalised party system. In studying the effects of fragmentation, I consider inter-district variation in Uttar Pradesh in India. The comparison of district-level data within a framework with closely matched dimensions across social, political and economic dimensions helps focus on the mechanism under investigation. The case study of Mexico employs an inter-state analysis of effects of dominance on corruption across 31 Mexican subnational units.

In summary, the mixed-methods approach employed in this dissertation facilitates the probing of the external and internal validity of the overall theoretical framework. Large-N regression analysis allows me to draw initial inferences regarding the nature of the relationship between political corruption and party system features, while controlling for a range of rival control variables, probing the external validity of the theoretical approach. Nested design reduces researcher bias and facilitates the selection of cases that make possible further exploration of causal mechanisms. As a consequence, case studies help illustrate, test, and build on the arguments outlined in the theoretical section as a result of expanded temporal scope and provision of more refined means of considering the hypothesised relationships. Methodologically, this dissertation contributes to the body of research that

utilises mixed methods, while providing a more robust test of the study's theoretical considerations.

Empirical Contributions

Empirically, this dissertation offers the first cross-sectional analysis that tests the effects of several party system features on political corruption.[10] The case study analysis draws heavily on the uses of large-N statistical techniques and also contributes original datasets. The empirical analysis offered in the chapter on party system institutionalisation in Panama offers the first of its kind original dataset that records the incidence and frequency of corruption allegations lodged against Panamanian legislators, supplementing existing qualitative analysis (Guevara-Mann 2011). The examination of inter-district variation in fragmentation and its effects on voters' ability to hold their politicians to account in electoral districts in Uttar Pradesh in India provides a further contribution in its disaggregation of types of malfeasance committed by the politicians, narrowing the general category of criminality. Mexican inter-state comparison of governing party dominance variation offers a novel perspective of evaluating corruption and accountability linkages. The dataset, which offers analysis across two sets of elections across 31 states, is the first of its kind to test the relationship between dominance and corruption. While others considered the effects of dominance on policy outcomes, this is the first time that corruption is explored exclusively. The empirical contributions presented in this thesis, which include the expansive cross-national dataset on corruption and party system features, a new corruption dataset in Panama, a disaggregated corruption dataset for India and an inter-state dominance/corruption dataset for Mexico contribute new data, evidence and analysis to the study of corruption and party system features.

[10] As previously mentioned, Tavits (2007) and Charron (2011) offer limited empirical analyses that probe the effects of one specific party system feature (effective number of parties) on levels of corruption.

Theoretical Contributions

In terms of theoretical contributions, this thesis offers an institutional approach that considers effects of party system effects on governmental corruption. Broadly, the findings of this study contribute to the institutional literature on corruption. Though the relationship between accountability mechanisms and corruption has already been identified as a significant explanatory variable, it has not been studied systematically from a party systems perspective. The analysis of how party system features affect accountability linkages between voters and politicians and thus set out the scope for corruption in a polity helps fill the existing analytical gap. Secondly, this dissertation contributes to the literature on political agency by examining how accountability linkages between elected officials (agents) and their voters (principals) are affected by the variation in key party system features. Considering the range of levels of corruption in countries that share similar socio-economic conditions, it is important to investigate what processes of accountability, party system accountability more specifically, shape opportunities for corruption and create agency problems. Thirdly, the theory underlying this study integrates aspects of accountability that have previously pitted comparative institutions in their findings on institutional features of corruption, which rest on the ideas of clarity of responsibility and competition. The theoretical foundations contribute to a more refined understanding of corruption. In summary, the current study improves the understanding of how party system institutionalisation, party system fragmentation and governing party dominance affect levels of corruption, as well as helps to expand the theoretical literature on political agency from a previously under-examined institutional perspective.

Structure of the Dissertation

This dissertation is organised as follows. Chapter Two sets out the theoretical framework, adopting the principal-agent approach to identify the causal logic underlying the relationship between party system features and corruption. Specifically, it describes how party system institutionalisation, fragmentation, and governing party dominance structure incentives for politicians to engage in or tolerate corruption and constrain voters in their ability to identify and punish malfeasance. Chapter Three offers the results of a cross-country regression analysis, which confirm the hypotheses set out in the theoretical chapter and guide the selection of the case studies.

Chapter Four examines the effects of party system institutionalisation on the scope for corruption in a weakly institutionalised party system. Focussing on stability of inter-party competition and the organisational strength of parties as the two key aspects of institutionalisation, I examine Panama, a country with a historically inchoate party system, and explore how these features constrain Panamanian voters from monitoring and punishing politicians who engage in or tolerate corruption.

Chapter Five explores the effects of party system fragmentation on the levels of corruption by examining inter-district variation in Uttar Pradesh, the most populous state in India. In comparing districts with varying levels of fragmentation, I probe the extent to which agency problems for voters are exacerbated in highly fragmented districts versus districts with moderate fragmentation.

Chapter Six explores the effects of governing party dominance in Mexico, specifically focussing on subnational variation across 31 Mexican states. The long-term dominance of the Institutional Revolutionary Party (*Partido Revolucionario Institucional*, PRI) until 2000 has

shaped the country's party system for over seventy years. In this chapter, I investigate how such prolonged party system dominance has shaped the flow of information to voters and conditioned their electoral choices in Mexican states, where competition has increased differentially since 2000. Chapter Seven concludes this dissertation, summarising the overall findings and integrating the results from the cross-national analysis with case study analyses. In addition to outlining this dissertation's theoretical and empirical contributions, the concluding chapter also offers comparative reflections and provides indications for future research.

Chapter Two

Theoretical Model: A Party System Principal-Agent Approach to Political Corruption

This chapter sets outs the theoretical approach that will be used to address the empirical and theoretical puzzles introduced in Chapter 1. This chapter builds on the research underlying determinants of corruption and theoretical discourse on the function and significance of electoral accountability. The theory's starting point is the paradox of corruption, which counterposes the election of corrupt politicians against evidence that voters across the globe condemn corruption (Eurobarometer 2009; Transparency International Global Corruption Barometer 2009; Transparency International Corruption Perception Index 2010; World Bank Governance Indicators 2010) due to its strong negative effects on their everyday livelihoods (Mauro 1995; 1998; Keefer and Knack 1997; Kurer 2001). Competitive elections provide the accountability mechanism which voters can employ to reward or punish politicians for their actions while in office (Doig and Theobald 2000; Montinola and Jackman 2002; Bohara, Mitchell and Mittendorf 2004; Treisman 2007). The theoretical puzzle then is the continued return of corrupt incumbents to office by voters who otherwise perceive of corruption as a deleterious process and want their politicians to carry out their delegation contract and curb corruption in the political system.

To address this accountability paradox, I use the principal-agent framework to examine how electoral accountability mechanisms fail and how voters elect or re-elect politicians who engage in or tolerate corruption. I consider how agency problems – adverse selection and moral hazard – impoverish delegated accountability processes between voters (principals) and politicians (agents) and, thus, increase the scope for corruption. My theory posits that agency problems become an issue for voters in contexts that raise informational asymmetries

between voters and politicians, and that diminish the effectiveness of choices the electorate faces at the polls.

Previous research on determinants of corruption explored institutional contexts such as regime type, levels of decentralisation and electoral systems.[11] I argue that the existing literature has overlooked the role of party systems in structuring electoral accountability and providing the contextual setting for politicians to offer corrupt politics and for voters to choose them. The interaction between parties, voters and individual politicians is, to some degree, conditioned by the effects of the party system within which these individual constituent units operate. Party systems, in effect, serve to link citizens and their representatives through the process of aggregating and delivering the electoral resources to voters. As such, party systems can be considered central to the functioning of modern democracies in that they mediate the supply and demand of corrupt politics. In studying political corruption in democratic polities, party systems become the critical catalysts that condition the opportunities for the re-election of corrupt politicians, as well as, in some systems, the systematic offer of corrupt politics. Party systems regulate the competitive environment for political parties and shape the patterns of inter-party interactions, while simultaneously serving as the institution which shapes voters' access to information and capacity to cast meaningful votes at the polls. The variation in the competitive environments produced by different types of party systems can directly impact the latitude for agency problems, which in turn affect existing accountability relationships between voters and politicians and raise or diminish the likelihood of corruption.

[11] For a review see Lambsdorff 2006 and Treisman 2007.

I argue that variation along three party system features – institutionalisation, fragmentation and governing party dominance – contextualises the institutional environment for voter-politician relationships and can enhance agency problems for voters and diminish electoral accountability, therefore increasing the scope for corruption. I hypothesise that party systems which improve information access for voters and strengthen the efficacy of their electoral choices improve accountability and lessen levels of corruption. On the contrary, party systems that raise informational asymmetries for voters and decrease the value of their vote in effect deteriorate accountability mechanisms and increase the possibility of corrupt exchanges.

In the following sections I proceed to define political corruption and discuss the importance of this definition for empirical application. I then describe the applicability of the principal-agent framework for the examination of accountability relationships between voters and politicians, focusing on the agency problems of adverse selection and moral hazard. Applying this theoretical approach, I discuss how agency problems arise for voters and opportunities and incentives for corruption increase for politicians. I summarise the section by extending the political agency model to party systems and discuss how party systems can enhance or mitigate agency problems for voters by shaping informational access and electoral choice. In the final section, I explore individual party system features that influence accountability links and, thus, help explain variation in corruption in modern democracies. Here, I explore how the delegation relationship between the voters and politicians is affected by party system institutionalisation, party system fragmentation and governing party dominance. The conclusion reflects how the hypotheses set out in this chapter will be tested in the empirical and case study chapters.

Defining Corruption

One of the difficulties in studying corruption lies in establishing its exact definition. This is key because how corruption is defined sets out what gets measured and modelled. Difficulties arise due to the fact that the word carries multiple meanings across different political and cultural contexts. In the span of the last thirty years, coinciding with the third and fourth waves of democratisation, the demand for a universal definition of corruption has grown to a great extent. I conceive of governmental corruption as a public policy outcome and define it as both the 'misuse of public office for personal [or political] gain' (Rose-Ackerman 1999; Sandholtz and Koetzle 2000; Treisman 2000; Kunicova and Rose-Ackerman 2005; Treisman 2007) and the tolerance of such misuse by bureaucrats (Key 1936; Tavits 2009). This definition encompasses all forms of governmental corruption, ranging from grand and petty theft to bribery to rent-seeking by politicians and unelected state officials, for whom politicians can be held accountable. Treating governmental corruption as a policy outcome also lets me treat it as an outcome for which politicians can be held to account if they fail to fight it or if they acquiesce to corruption by others or possibly if they take part in corrupt behaviour. The activities set out in this definition of corruption take place at the expense of the citizenry, thereby violating the norms that regulate behaviour in public official roles. The definitional departure from the prevalent overemphasis on 'personal gain' in political corruption also has consequences for the empirical measurements in the large-N statistical analysis in Chapter 3 and the case study chapters, as my definition effectively captures the corresponding measures (these choices will be discussed in greater detail in the relevant chapters). The following section discusses the agency framework and conceives of governmental corruption as a source of agency loss.

The Principal-Agent Approach to Political Corruption

The baseline principal-agent (PA) model is useful in analysing the sources of political corruption as the relationship between voters (the principals) and elected officials (the agents) lies at the heart of this model. Rooted in neo-institutional economics, the PA framework models relationships between principals and agents. Agency models assume that the interests of agents (those to whom authority to make decisions is delegated) and principals (those on whose behalf agents act) are not always perfectly aligned and the informational advantage that the agents possess skews the delegation relationship in their favour (Moe 1984; Shugart and Carey 1992; Ferejohn 1999; Strom 2000; 2003). Asymmetrical distribution of information and asymmetrical preferences between agents and principals form the model's two basic assumptions. The presence of these two assumptions underlies the potential for agency problems, known as *adverse selection* and *moral hazard*. The problem of agent selection, or *adverse selection*, occurs when principals have limited information regarding agents' attributes and intentions and, thus, may choose agents who are either unwilling or unable to represent their interests once in office. *Moral hazard* occurs when agents act opportunistically when presented with incentives and/or opportunities to do so, due to the fact that principals do not have access to mechanisms that help them monitor and/or punish their agents when agents act against principals' interests.

Existing principal-agent models often underemphasise the importance of institutional factors that shape agents' incentives and opportunities to act against the interests of the principal and that can impede the principal from being able to exercise control over agents. This thesis seeks to redress this problem by applying a modified principal-agent model that measures how the structure of agents' incentives and opportunities to engage in corruption and principals' ability to hold agents to account is affected by party system features. In the

following sections, I review existing research on corruption using the PA approach and identify agency problems facing principals (voters) and incentives and opportunities for corruption presented to agents (elected politicians). I then outline how political agency and corruption can be considered from a party system perspective.

Principal-Agent Approach and Corruption

To date, agency models have primarily been used to investigate one specific aspect of corruption: bureaucratic corruption (Becker 1968; Becker and Stigler 1974; Rose-Ackerman 1975; Rose-Ackerman 1978; Lui 1986; Klitgaard 1988; Andvig and Moene 1990; Klitgaard 1991; Shleifer and Vishny 1993; Tanzi 1995). Specifically, researchers focussed on the bribery of bureaucrats by companies and individuals in an attempt to derive benefits through the government contracting process. The bureaucratic corruption model departs somewhat from the basic model – where voters are the principals and politicians are the agents – and considers the government as the principal that aims to motivate the bureaucrats (agents) to act with integrity in the use of public resources. The delegation relationship under investigation in this model is one between the government (the principal) and the bureaucratic officials (agents). But corruption occurs at various governmental levels beyond the bureaucracy and until recently little has been said about governmental corruption, which occurs when elected officials (agents) violate the terms of the delegation relationship between themselves and voters (their principals).

Some authors suggest that principal-agent corruption models are heavily biased towards the study of bureaucratic corruption and are not suitable for the study of other forms of corruption (Johnston 1982). However, in recent years, the political agency approach has gained traction among political scientists studying the role of elected officials in the

proliferation or curbing of corrupt exchanges (della Porta and Vannucci 1999; Chang 2005; Kunicova and Rose-Ackerman 2005; Chang and Golden 2007; Nyblade and Reed 2008). The application of the agency model rests on the premise that decision-making authority in democracies is delegated from the electorate to politicians. Voters entrust authority to politicians in order to execute certain policies, such as the provision of a clean government, which includes supervision of malfeasance among bureaucrats. However, the misalignment of interests between agents and principals can lead to politicians instituting or manipulating policy to favour particular interest groups or individuals in exchange for rents and side payments or else doing little to regulate against corruption (Adsera, Boix and Payne 2003). The scope of corruption increases when delegation of authority is entrusted to politicians whose interests are not aligned with those of the voters'. Della Porta (1999) argues that continued patterns of failed delegation, wherein policy is used to favour corrupt exchanges within political and administrative circles, can further legitimise and entrench such practices, resulting in a systemic spread of political corruption throughout the polity's regulatory frameworks. Consequently, these agency studies of corruption emphasise the importance of functioning delegation contracts between voters and politicians as a means to curb levels of corruption.

The existing literature that considers institutional effects on political corruption provides important insights into how political institutions motivate political actors to curb and regulate against corruption or, alternatively, act malfeasantly and do little to address systematic corruption. However, this research is heavily skewed towards identifying factors that influence the incentives and opportunities for politicians to become corrupt, frequently ignoring how agency problems for voters are enhanced by the same institutional mechanisms. I propose to improve the principal-agent models that capture the accountability relationship

between politicians and voters (political corruption) and the relationship between politicians and bureaucrats (bureaucratic corruption). While it is important to distinguish the mechanisms that drive politicians to act corruptly or to regulate corruption by ensuring that bureaucrats do not abuse their political positions, it is equally necessary to examine the mechanisms which prevent voters from identifying and being able to punish malfeasant politicians. Below, I explore both the agency constraints that voters face and the incentives and opportunities with which politicians are presented.

Agency Problems for Voters

Recent surveys confirm that political corruption is a consistent concern for the general public across a range of modern democracies (Eurobarometer 2009; Transparency International Global Corruption Barometer 2009; Transparency International Corruption Perception Index 2010; World Bank Governance Indicators 2012) and voters prefer clean politics and effective mechanisms for holding public officials accountable for their actions while in office (Chang and Golden 2004; Krause and Mendez 2009; Ferraz and Finnan 2011; Pande 2011; Winters and Weitz-Shapiro 2013). Nonetheless, voters across the world's democracies continue to return corrupt incumbents to political office. This paradox is worth exploring through a principal-agent approach by analysing:

1. the extent of voters' access to information regarding their potential representatives (*adverse selection*); and
2. their ability to monitor and punish politicians once they assume office (*moral hazard*).

Voter ignorance has been previously invoked as one of the explanatory factors for the election of corrupt politicians and support of corrupt policies (Rundquist, Strom and Peters 1977; Kurer 2001). Informational asymmetries can shape the scope for adverse selection and

moral hazard problems. The main argument regarding voter ignorance, one of the major problems of representative democracy, stems from the idea that voters are constrained in their electoral decision-making due to limited amounts of information available to them (Winters and Weitz-Shapiro 2013). Informational deficiencies affect voters' ability to a) assess the levels of corruption correctly and b) to distinguish between corrupt and non-corrupt policies (Kurer 2001). This enhances adverse selection issues and increases the likelihood that voters will select agents who will promote or enable corrupt policies. Informational asymmetries may arise from both the lack of information or overabundance of information. In both instances, voters cannot effectively process information and, as a consequence, lack effective informational cues, complicating their decision-making at the polls. In countries where corruption is endemic, many non-corrupt politicians will have had some first-hand experience dealing with individuals who are corrupt or have been associated with some actions involving corruption. This allows corrupt politicians to blur the lines of responsibility and to accuse both political incumbents and challengers of malfeasance (Kurer 2001). In mature democracies, this may not be the case; however, politicians may instead socialise voters to believe that corrupt policies are indeed executed as part of the overall delivery of public goods and are thus materially advantageous (Jain 2001). As agents, politicians have greater opportunities to conceal their actions in office from their electorate by means of manipulating the information that reaches their voters. Voters may elect corrupt politicians because they may not be aware of their representatives' actions, be it engaging in corruption directly or promoting policy that institutes corrupt exchanges.

In diminishing accountability linkages, poor informational cues are complemented by various mechanisms that constrain voters from making effective electoral decisions. It is not always the case that voters are unaware of the performance of their incumbents as public office

holders. Voters in established democracies, such as Italy and Japan, and developing democracies, like Kenya and Thailand, have access to information that exposes the malfeasance of their politicians. For instance, in Italy the media played an important role in the 1990s and 2000s in alerting voters to the scope of corruption in politics (Giglioli 1996; Stapenhurst 2000). In addition to information dissemination from the media, in many countries, like India for instance, voters have access to information that outlines candidates' and incumbents' criminality. It is puzzling then that these *informed* voters would continue supporting politicians that clearly break their social contract. But the transformation of the relevant vote into an effective vote during elections is another matter. Even in situations where information is readily available regarding agents' actions, principals may be constrained by the availability of choices at the polls. In some instances, the low levels of inter-party competitiveness may offer few candidates at the polls, in a sense leaving the voter with limited decision-making scope. In other situations, voters may not be able to oust corrupt politicians because a non-corrupt alternative isn't on offer (Kurer 2001; della Porta 2004). Difficulty can also arise if voters cannot mount a credible challenge to a corrupt or underperforming incumbent, either as a result of a fragmented opposition or the fact that the electoral market has been closed out to the opposition by the incumbent.

In summary, agency problems can arise for voters when the informational asymmetries between the principals and the agents limit voters' knowledge about their incumbents and prospective candidates and, thus, affect decision-making at the polls. In addition to informational deficiencies, agency problems for voters are enhanced in contexts where their capacity to cast an effective vote is inhibited by virtue of limited or fragmented competition or absence of non-corrupt options on offer. In short, voters' ability to select clean politicians

and punish malfeasant depends on access to information and the effectiveness of electoral choice.

Incentives/Opportunities for Politicians

Unlike voters, who on the whole suffer from the consequences of corruption in a polity, politicians are potential beneficiaries of corrupt exchanges (della Porta and Vannucci 1997; Hutchcroft 1997; Amundsen 1999; della Porta 2004). Awarded political authority and power by their principals, politicians have far greater access to information, as well as the ability to manipulate it in order to derive outcomes desirable to them. While voters are presented with agency problems of adverse selection and moral hazard when it comes to recognising and punishing corruption, politicians respond to incentives and opportunities which best enable them to successfully compete for power in order to win public office, which allows them to enact public policy and also carry out actions that strengthen their future chances at the polls. Existing research suggests that in addition to deriving personal and/or political gain from taking part in corrupt exchanges (Nyblade and Reed 2008; Golden 2009), politicians may also tolerate corruption by others and fail to regulate against it because they do not fear voters' retribution at the polls and find turning a blind eye easier than mounting an effective anti-corruption campaign (della Porta 2004; Evrenk 2011). Below I discuss the differences in incentives for personal and political enrichment and for failure to regulate against corruption, while emphasising the role played by the fundamental principles underlying the principal-agent framework that ultimately condition this behaviour.

An individual politician may rationally opt for corruption when 'the expected utility to him exceeds the utility he could get by using his time and other resources at other activities' (Becker and Stigler 1974: 9). The probability of a politician choosing to act corruptly

depends on a series of incentives *and* constraints: the probability of being discovered and punished, the severity of the potential punishment and the potential rewards compared with alternative outcomes (della Porta and Vannucci 1997). Abuse of public office for private gain can take the form of politicians directly looting public resources in order to directly profit themselves or by using the authority of their position and their influence to affect political outcomes in the expectation of a material reward from private actors (Nyblade and Reed 2008). For instance in 1996 in Panama, Foreign Minister Ricardo Alberto Arias was revealed to have been directly implicated in one of the largest corruption scandals, taking money for his campaign from consultants closely associated with an infamous drug trafficker in Colombia.

Conventionally, electoral competition and, consequently, electoral uncertainty should provide a disciplinary incentive for politicians not to engage in corrupt exchanges or tolerate their existence in the political arena, for fear of removal from office during elections (Persson, Tabellini and Trebbi 2003; Lederman, Loyaza and Soares 2005). The concept of retrospective voting, whereby voters vote based on politicians' previous performance in office, can induce public officials to perform according to voters' expectations during their term and, thus, overcome moral hazard issue (Barro 1973; Ferejohn 1986). The crux of the retrospective voting argument stems from the idea that electoral competition acts as a sanctioning mechanism and allows voters to vote out politicians who do not fight corruption (Przeworski, Stokes and Manin 1999). Indeed, the presence of political and electoral competition generally restrains the proliferation of corruption (Alt and Lassen 2003; Persson, Tabellini and Trebbi 2003; Kunicova and Rose-Ackerman 2005; Lederman, Loyaza and Soares 2005; Tavits 2007). But engagement in corrupt acts and/or implementation of regulation that helps facilitate corrupt exchanges within the polity has not been entirely deflected by electoral and

political competition, leading scholars to probe and identify institutional features that may influence this, as well as weighing the incentives available to politicians who compete for office. Specifically, Nyblade and Reed (2008) posit that corruption that is incentivised by political, rather than personal, gain can in fact be promoted by electoral competition.

The fear of poor electoral performance and defeat at the polls can serve as an incentive for politicians to stay clean while in office. Nonetheless, the high costs of politics can create significant barriers to entry for politicians, particularly when they do not enjoy the benefits of incumbency (Tullock 1965). As a consequence, competitive elections can produce incentives to win votes by any means necessary. This may drive politicians to seek financial support from outside the political arena, reducing the transparency and accountability of the campaign transactions and positioning the accountability relationship as one between the politician and his external sponsor, rather than one between the politician and the voter. In other words, the interests of voters and the special interests sponsoring a politician may not align, thus presenting the problem of adverse selection for voters, who may end up in a situation of voting for a representative who will not best reflect their interests while in office. At the same time, the maintenance of political office may also result in the use of corrupt practices in order to neutralise political opponents and maintain electoral support. Incumbents may use their public office resources in order to gain an upper hand over their competitors. The problem of moral hazard arises when voters cannot detect wrong-doing on behalf of the elected officials or have little opportunity to punish them even if they do. Therefore, there are at least two plausible explanations as to why politicians may be driven to engage in corruption for the sake of political gain: insulation from challengers to political office through manipulation of regulatory policy to benefit incumbents; and the implementation of corrupt practices in order to overcome barriers to entry.

In addition to incentives and opportunities which may drive politicians to act corruptly for personal or political gains, public officials may also fail to curb corruption by choosing to ignore ongoing corrupt exchanges by others and failing to introduce public policy that would counter corruption's deleterious effects. As Evrenk (2011: 498-9) argues, the incentive structure for tolerating corruption is the same as the one that drives public officials to choose to act corruptly for personal or political gain. The agency problem – whereby politicians' actions are misaligned with voters' expectations or desires – remains the same, regardless of whether politicians act corruptly when voters do not wish them to do so, or when politicians choose not to reform against corruption when voters in fact want them to act just so. Firstly, if the probability of discovery of governmental corruption is low, the politician may not be motivated to undertake any action since existence of governmental corruption is unlikely to malign him/her directly and lead to defeat at the polls. Secondly, politicians may tolerate corruption in contexts where the political landscape is dominated by long-tenured governments whose underperformance in office does not necessarily translate into a reduction in vote share or loss of office (Evrenk 2011). The potential reward for exposing and curbing corruption by governing party politicians is unlikely to outweigh the benefits available to them through the party network. Alternatively, opposition politicians may tolerate governing party corruption, and even collude with the government, in order to maintain the kickbacks available through the dissemination of political favours by the governing party (della Porta 2004). In other words, when the discovery of governmental corruption is unlikely, when the severity of electoral punishment is low and when the potential political benefits of tolerating corruption outweigh its exposure and curbing, politicians may do nothing to expose or fight governmental corruption.

A higher degree of information available to citizens – whether through media, own direct experiences and personal networks, or institutional channels – inhibits politicians from providing poor public policy. Thus, the expectation here is that politicians would work to regulate against corrupt opportunities in the political system (Besley and Prat 2002; Hindriks and Lockwood 2009; Svaleryd and Vlachos 2009). Corruption is likely to increase when agents have extensive discretionary powers and when few mechanisms exist that can help hold agents to account[12]. This generally would exacerbate the problem of asymmetrical interests, for politicians would have little incentive to oblige their delegation contract to the voters. In other words, whether politicians choose to be corrupt or to support corrupt policies for personal or political gain, the context for such opportunities for corruption remains similar.

Situating Party Systems in the Principal-Agent Model

The magnitude of agency problems presented to voters is contextualised by the political system's institutional environment. As the above sections have described, information and effectiveness of choice both mitigate agency problems for voters and constrain opportunities for corruption or diminish the incentives for tolerance of corruption by politicians. Party systems comprise 'a set of parties that interact in patterned ways' (Mainwaring and Torcal 2006: 205) and structure the 'forms and modes' of competition for access to government and parliament by the system's parties (Duverger 1954: 203). The nature of the party system shapes both the availability of information accessible to voters and the scope for making effective choices at the polls, thus directly affecting the scope of corruption as perceived through an agency framework. Party systems essentially set out the patterns of competition and interaction between constituent parties. The difference in the conceptualisation of these

[12] This falls in line with Klitgaard's (1988) model of corruption: corruption=monopoly + discretion – accountability.

terms of interaction and competition can have direct effects on the accountability relationships between voters and politicians as these patterns condition the latitude for agency problems.

As discussed earlier, the link detailing effects of party system effects on political corruption has already been established in scholarly literature (della Porta 2004; Scheiner 2005; Manzetti and Wilson 2007; Tavits 2007; Golden 2009; Charron 2011); however, existing analyses consider evidence derived from case studies and, therefore, cannot generalise about the applicability of their findings to the larger population of the world's democracies. Another reason for studying the exclusive effects of party systems stems from the interest to disaggregate and, therefore, present a more nuanced analysis of institutional features and their effect on the spread of political corruption from a political competition perspective. Recent research indicates that political competition in itself is not an inhibitor of corruption within a polity due to the fact that different types of political competition provide different incentives for curbing or tolerating corruption (Nyblade and Reed 2008). Analysing party system features – party system institutionalisation, party system fragmentation, and governing party dominance – on proliferation or inhibition of corrupt practices can help shed light on the nature of accountability interactions in a given polity. I focus on these three variants of party systems because they directly influence the accountability relationship between voters and politicians in the way that they oversee interaction and competition between parties in a party system.

Having considered the factors that may motivate politicians to act corruptly, the factors which may induce voters to support corrupt policies and politicians, and the role that party systems play in shaping these accountability relationships, the next section examines various ways

that party system features exacerbate or reduce agency problems for voters. Party system rules can have an effect on the scope for governmental corruption in the way that they set out the mechanisms and incentives for individual politicians to regulate corrupt behaviour. In addition, party systems can inhibit or increase levels of governmental corruption in the way that they shape informational asymmetries between politicians and citizens, and condition the effectiveness of voters' choices at elections.

Party System Determinants of Corruption

The systemic party system features, or the aggregated idiosyncrasies of individual parties, described in this section shape the scope for agency problems for voters by structuring the quality of information and effectiveness of electoral choice available to voters. I explain how variation in these features can influence the variability of corruption levels among democracies, showing that party systems that help voters identify and select good politicians, and hold to account those who act malfeasantly or tolerate corruption by others, reduce levels of governmental corruption. I discuss the three dimensions of party systems below and develop a series of testable hypotheses.

Institutionalisation

Party system institutionalisation has become a key issue in the study of comparative party systems following the third wave of democratisation, as the assumption that party systems were generally well-entrenched was no longer applicable in light of the rise of the new democracies and semi-democracies (Dix 1992; Janda 1993; Mainwaring and Torcal 2006; Sanchez 2008).

In 1995, Mainwaring and Scully produced a schema for party system institutionalisation along four dimensions: a) stability, b) strong party roots in society, c) party legitimacy, and d) party organisation. This conceptualisation of institutionalisation helped capture 'a process by which a practice or organisation becomes well established and well known' (Mainwaring and Torcal 2006) and served as a popular categorisation for this determinant of party system for an extended period of time. The standardisation of aspects of party system institutionalisation, however, did not lead to the adoption of universal empirical measures by subsequent researchers (Rose, Munro and Mackie 1998; Moser 1999; Kreuzer, Marcus and Vello Petta 2003; Shabad and Slomczynski 2004; Mainwaring and Zoco 2007) and recent scholarship has uncovered that these four dimensions of institutionalisation were highly correlated to each other and, as a result, were conflating the causes and effects of institutionalisation (Roberts and Wibbels 1999; Hassan 2011). Specifically, electoral volatility – a key aspect of the stability measure – was found to be significantly predicted by parties' roots in society and party legitimacy (Roberts and Wibbels 1999; Tavits 2008). As voters became disappointed with their representatives and cast their votes for the opposition, electoral volatility increased (Tavits 2008), demonstrating how a decline in party legitimacy could influence short-term stability. The inter-variable correlation between the four aspects of Mainwairing and Scully's typology, where the dimensions either explain or cause each other, prevents its use for the purposes of this dissertation.

As noted by other scholars (Bartolini and Mair 1990; Roberts and Wibbels 1999; Tavits 2008), the volatility of electoral preferences is to some extent shaped by other dimensions of Mainwaring and Scully's typology, like party rootedness and legitimacy. Rather than include the other two dimensions and conflate institutionalisation effects, I concentrate on two aspects of institutionalisation set out by Mainwaring and Scully (1995): stability of inter-

party competition and organisational strength of parties. Theoretical and empirical considerations guide my selection of these specific aspects of institutionalisation. Inter-party competition gauges the volatility of electoral preferences, which have been shown to have been shaped by other aspects of party system institutionalisation, namely parties' roots in society and legitimacy of elections and parties (Bartolini and Mair 1990; Roberts and Wibbels 1999; Tavits 2008). In other words, party rootedness and legitimacy[13] underlie the more inclusive concept of inter-party competition as voters' disappointment with the performance of their politicians and decreased levels of trust in institutions, like parties, can lead to changes in electoral preferences and shifts in inter-party competition. Party organisation, on the other hand, helps capture a different aspect of the party's system institutionalisation levels. It gauges the stability of choice available to voters by estimating the ease with which politicians can abandon, split, merge or create parties. These two dimensions of party system institutionalisation denote the ability of voters to formulate clear and stable expectations about the behaviour of their representatives. In addition to the theoretical considerations underlying the use of these specific aspects of institutionalisation, these two dimensions offer the widest range of quantifiable options, including the average age of parties, electoral and legislative volatility, emergence of new parties and alliances, and party-switching by political candidates and/or legislators (Roberts and Wibbels 1999; Kuenzi and Lambright 2001; 2005; Birch 2003; Shabad and Slomczynski 2004; Sikk 2005; Tavits 2008; Goeke and Hartmann 2011), which are further detailed in Chapter 3 and Chapter 4.

Levels of party system institutionalisation vary across old and new democracies. Moreover, the age of democracy is by no means a predictor of the level of institutionalisation of the party system (Mainwaring and Zoco 2007). Relatively new democracies, like Taiwan and, to

[13] Mainwaring and Scully's second and third dimensions of party system institutionalisation.

some degree, Indonesia and Mongolia, have made headway in recent years in stabilising the competitive processes in their party systems (Stockton 2001; Croissant and Volkel 2010). Many post-communist countries, in contrast, struggled to build party organisations with strong links to voters. The Ukrainian and Russian party systems in the 1990s experienced dramatic levels of electoral volatility, with 40% of the vote in the Russian 1995 legislative elections going to parties that had not competed in the previous elections (Thames 2007: 461-2). The Russian system has since stabilised, although partly at the expense of democratic processes. Established party systems, however, are not immune to processes of destabilisation either, as recent collapse of the party systems in Bolivia and Venezuela has demonstrated (Sanchez 2008).

Higher levels of party system institutionalisation have been shown to be linked to improved levels of electoral accountability (Schedler 1995; Birch 2003; Jones 2005) by virtue of improving voters' capacity to identify actors responsible for policy-making and to cast a meaningful vote (Powell 2000). Institutionalised party systems lend themselves to increased levels of predictability in electoral outcomes because they feature stable inter-party competition patterns over time. Such systems are characterised by the presence of older parties, low levels of electoral volatility (the degree of change in voting behaviour between elections) and stable party organisations. Uruguay, for instance, boasts one of the oldest party systems in Latin America. Combined with the extensive overall age of its parties, the country also enjoys low levels of volatility and predictability at the polls, as well as one of the lowest levels of perceived corruption in the region. By virtue of clear political identities, emerging from long-standing parties and organisational continuity of parties, voters are able to link policies and behaviour – such as corruption – to parties when they vote. Voters are able to

cast a meaningful vote, punishing or rewarding incumbents, because parties survive from one election to the next, enabling voters to hold them to account.

The longevity of the parties comprising the system and low electoral volatility provide voters with an electoral history that can be employed in making future decisions at the polls. The presence of older parties indicates a more stable pattern of party competition (Przerworski 1975), as parties are capable of sustaining meaningful electoral support over time. The longer the parties survive, the more likely they are to employ patterned and well-established mechanisms to reach their voters, diminishing the prospects that ad hoc illegitimate mechanisms will be used to secure votes. Voters are generally familiar with the positions that parties occupy in the political arena, enhancing their ability to assign responsibility for malfeasant practices or tolerance of corruption, and consequently withholding their support in the following election.

Older parties can help enhance the accountability link between politicians and voters by providing voters with informational cues and relatively predictable choices at the polls. The continuity of party labels allows voters to identify parties' positions and platforms, as well as to provide them with the ability to hold parties to account for their actions in government. Low-volatility systems, where parties survive from one election to the next, further enhance voters' ability to hold politicians and parties to account. Party systems with established parties enable effective electoral control over malfeasant politicians or those politicians who make no effort to curb corruption. Voters punish corrupt politicians at the polls when they are aware of corruption having taken place (Pereira, Renno and Samuels 2008; Eggers and Fisher 2011; Costas-Perez, Sole-Olle and Sorribas-Navarro 2012). Knowing that voters will punish malfeasant behaviour or under-performance in curbing corruption, parties in systems with

established parties are more likely to incentivise politicians to act in the best interest of the public, thus, reducing moral hazard issues.

In less institutionalised systems, on the other hand, patterns of electoral competition are more fluid, characterised by short-lived parties, frequent emergence of new parties and alliances, and party-switching at little political cost to politicians. When politicians' ability to switch parties or create new parties comes at little political and/or electoral cost, politicians do not retain their political identities long enough for voters to hold them accountable for their behaviour during elections. In such systems, parties may experience meteoric rises to power only to disappear in the following election. Such systems also appear to feature greater fluctuation in vote and legislative seat shares from one election to the next. This inchoate condition of the party system diminishes the value of party labels and presents agency challenges for voters, limiting their ability to identify most suitable candidates for political office, as well as constraining them in assigning accountability *ex post*.

Party systems with younger parties and greater degrees of volatility present their voters with a number of adverse selection and moral hazard issues. Countries that feature young parties make it more difficult for voters to identify each party's position and what it stands for (Mainwaring and Torcal 2006) because the electorate lacks an institutional history on which to base their decisions. In volatile systems, where the party landscape is constantly in flux, voters are pressed to hold politicians responsible for their actions in office if parties disappear between elections. Weaker informational cues may make it more difficult for voters to assign responsibility based on policy outcomes. This informational deficiency stems from the voters' inability to differentiate between clean and corrupt politicians. Politicians can easily blame others for the provision of corrupt politics in a political environment where parties

have little oversight, while voters may find it difficult to independently identify those responsible for malfeasant actions. In inchoate party systems, politicians are not necessarily incentivised by the prospect of retrospective voting because the ephemeral nature of the party system may mean that their party does not survive to the next election. This reduction in electoral accountability enhances politicians' opportunities to behave malfeasantly or to endure existing corruption or fail to undertake policies to curb it. In this way, poorly institutionalised party systems provide incentives and opportunities for politicians to either act corruptly or endure existing corruption by failing to curb it, while simultaneously constraining voters in their ability to elect clean politicians.

Electoral accountability can further be enhanced or diminished by another component of party system institutionalisation: strength of party organisations. Political parties shape voter choice by organising 'the teams and terms of elite competition' (Mershon and Shvetsova 2008: 99). In institutionalised systems, parties are perceived as the main conduit to political office, in theory strengthening links between voters and politicians. Politicians invest in parties on the assumption that they will require their electoral support in the years to come. The collective benefits of party candidacy also entail responsibility on the part of the politicians, meaning that in order to preserve the image of their respective party they will be discouraged from engaging in or tolerating corrupt behaviour, or will face the risk of losing party support. Thus, parties again serve as informational shortcuts for voters when they go to select candidates during elections. However, when parties are not seen as vehicles for political advancement politicians are more likely to pursue other means by which to improve their electoral fates, which could include either personalising the vote or switching to a different party. Party-switching increases the likelihood of agency concerns because politicians can obscure their responsibility for unfavourable policies by adopting the

reputation of their new party. Such political behaviour complicates voters' poll decisions and can potentially lead to the selection of malfeasant politicians.

While voters in inchoate party systems may elect corrupt politicians due to limited informational cues and fail to punish them as a result of further informational deficiencies, as well as a result of extreme party fluidity, politicians in such systems face greater incentives and opportunities to act in a corrupt way. One of the reasons that politicians may choose to act corruptly or tolerate existing corrupt practices by others stems from the ephemeral nature of the party system. If politicians know that there is little likelihood that their party will survive to the next election or be supported in the next election, they are aware that their time in office is limited, as is their access to public resources. Thus, one reason for corrupt behaviour could be the acknowledgement of the fact that re-election is unlikely. With retrospective voting no longer serving as a constraint, politicians may choose to undertake policies that benefit them, rather than their voters. On the other hand, politicians may indeed vie for re-election, but due to the fluidity of the party system, they will likely be competing against candidates who have been complicit in the current status quo, which could feature corruption. In this scenario, politicians can shift the blame onto other political actors, taking advantage of existing asymmetrical information linkages between them and the voters. In this way, unstable party systems provide incentives and opportunities for politicians to act corruptly, while simultaneously constraining voters in their ability to elect clean politicians.

In summary, institutionalised party system provide voters with clear political identities and platforms, emerging from long-standing parties and organisational continuity of parties, which enhance voters' capacity to link policies and behaviour, like corruption, to parties when they vote. Voters are able to cast a meaningful vote, thereby punishing or rewarding

incumbents, due to parties' survival from one election to the next, enabling voters to hold them to account. Therefore, my first hypothesis is that:

> *H1: Ceteris paribus, corruption levels will improve when party system institutionalisation increases.*

Party System Fragmentation

A vast literature examines the number of parties as a significant source of variation between party systems (Duverger 1954; Lipset and Rokkan 1967; Rae 1971; Sartori 1976; Riker 1982; Cox 1997; Clark and Golder 2006). The causes of variation in party system size, as captured by the number of parties, have been linked to social cleavages, election turnout, and levels of political conflict (Neto and Cox 1997; Blais, Massicotte and Dobrzynska 2003; Norris 2004; Kim, Powell and Fording 2006; Ferrara 2011). As an explanatory variable, the number of parties in a system has been explored in relation to strategic voting (Rae 1971; Kselman and Niou 2010; Lago 2012), as well as other behaviour at elections (Grofman and Lijphart 1986; Taagepera and Shugart 1989), with Lijphart (1999) contending that the number of parties serves as a significant indicator for the development of consociational democracy. The conceptualisation of the number of parties has evolved over time, with continuous measures, such as Rae's (1968) index of fractionalisation, the Herfindahl index of relative party size and the Laakso and Taagepera (1979)[14] index of effective number of parties. These indices permit the examination of party system variation in terms of degrees – rather than categories – of difference, gaining prominence vis-a-vis discrete categories, which include two- and multi-

[14] The Herfindahl index calculates the relative size of parties by calculating the probability of two randomly selected legislators being from different parties, with lower values signifying a more fractionalised party system. Laakso and Taagepera (1979) provide an alternative statistic that considers the quality of party competition. Their measure is the effective number of systems and it discounts the relevance of small parties.

party systems, as well as various classification of pluralism (Duverger 1959; Blondel 1968; Sartori 1976).

The levels of party system fragmentation vary among the world's democracies. At one end of the spectrum, some party systems offer only a limited range of electoral options, effectively confining voters' choices at the polls. For instance, many African countries, including Namibia and Botswana, exhibit very low levels party system fragmentation. The South West Africa People's Organisation (SWAPO) has governed with no interruption since Namibia's independence in 1960 and Botswana's Democratic Party has retained control of government since 1966 (Manning 2005). At the other extreme, there are party systems with extraordinary levels of fragmentation, normally shaped by the countries' socio-economic cleavages and institutions. Belgium voters, for instance, face a multiplicity of bifurcated electoral choices as a consequence of the underlying federal politics between Wallonia and Flanders. The increasing importance of subnational issues in countries like Brazil and India has led to the increase in fragmentation at the national level, as regional parties gained expansive support bases that allowed them to transcend spatial limitations and allowed them to compete across regions. While fragmentation of the party system may derive from a variety of sources, including social cleavages and the nature of the country's political institutions, it can evolve over time in either direction. In Brazil, for instance, the growing importance of issues at the subnational level has resulted in the fragmentation of the national party system, with regional parties expanding their electoral bases and competing across Brazil's states (Figueriedo and Limongi 2000). In contrast, parties with moderate levels of fragmentation, such as Venezuela, can unravel from its established patterns to more extreme fragmentation (Levitsky and Cameron 2003), while levels of party system fragmentation can be also be reduced through conscious constitutional and institutional efforts to reshape the nature of the political systems,

as was the case in Thailand in 1997 (Reilly 2006) and New Zealand in the mid-1990s (Sakamoto 1999).

Agency problems for voters are more likely to occur in party systems occupying the extreme ends of the fragmentation spectrum. In systems where intra-party competition is inhibited by electoral hegemony of the incumbent party or a dominant coalition party, agency concerns are enhanced for voters. Because I deal with governing party dominance as one of the aspects of party systems, I discuss its effects in the following section and focus on effects of intermediate and high fragmentation here. A small increase in the number of parties can significantly improve patterns of competition and clarity of responsibility, raising the quality of accountability links between voters and politicians (O'Dwyer 2004; Tavits 2007; Potter and Tavits 2011: 65). While moderate party system fragmentation improves accountability links and alleviates corruption, as the system begins to fragment further and the number of competing parties increases, the benefits of increased competition are reversed as voters encounter higher informational costs and greater difficulties in coordinating on challengers (Maeda 2010). In high fragmentation party systems, voters encounter adverse selection problems as a consequence of a large number of electoral parties competing at elections. The greater the number of such parties, the greater the informational costs passed on to voters, increasing the chances that voters will elect malfeasant politicians to office. In addition to informational overabundance about different competing parties, fragmentation also increases the scope for corruption because it constrains effective coordination on the opposition. The multitude of challengers are likely to fragment the opposition vote, thus making it easier for underperforming incumbents to retain control, even when voters would like to oust them from office. To successfully mount a challenge against a corrupt incumbent, voters must be able to converge on a viable opposition candidate or party. However, high levels of

fragmentation complicate such coordination and enhance issues of moral hazard, as incumbent replacement becomes more difficult.

Moral hazard can pose an issue in highly fragmented systems that have a multitude of parties taking up seats in the legislature or that share government access. This is more likely to occur in systems where the attribution of responsibility for public policies and government's actions is unclear. It is not coalition governments per se that raise the likelihood for moral hazard, but rather coalition governments that have ambiguous means of assigning responsibility that potentially enhance informational asymmetries between voters and politicians, complicating voters' opportunities to make a meaningful decision at elections. When no party can secure a parliamentary majority and parties end up sharing government positions, it becomes more difficult for voters to determine which politicians and/or parties were responsible for which policy outcomes. While this prevents voters from recognising who is responsible for the successful policies implemented, it also obfuscates their view of politicians and parties engaging in corrupt exchanges. With more than one party being represented in government, the voters cannot clearly distinguish the lines of accountability and thus cannot successfully punish those who deviate from the delegative contract. Understanding that the likelihood for shared policy responsibility increases in a coalition formation, politicians, cognisant of the informational limitations placed on voters, are presented with greater opportunities to engage in corrupt exchanges.

In summary, very high levels of party system fragmentation exacerbate agency problems of adverse selection and moral hazard for voters and increase the latitude for corruption. In systems with extreme levels of fragmentation, voters are overloaded with information, which may prevent them from making an effective decision at the polls, potentially resulting in the

election of corrupt politicians. Additionally, voters also face the issue of mounting a plausible challenge to the incumbent, as the split in the opposition vote share can result in the retention of a corrupt incumbent. Furthermore, coalition governance in high fragmentation settings can raises agency concerns if voters struggle to assign responsibility for public policy outcomes. As for politicians, high levels of fragmentation present opportunities for politicians to misrepresent their intentions during electoral periods, while also providing for the opportunity to distort information regarding actions while in government. Both of these types of opportunities may lead to corruption. Therefore my second hypothesis is:

> *H2: Ceteris paribus, as party system fragmentation increases from intermediate to high levels, corruption levels will increase*.

Governing Party Dominance

Governing party dominance emerged as an aspect of party system taxonomy in the mid-20th century as scholars began to explore the effects of dominance in multi-party settings. The concept gained further momentum as third- and fourth-wave democracies entered the fold, and the study of democratic consolidation became prudent (Ames 1970; Arian and Barnes 1974; Sartori 1976; Pempel 1990; Brooker 2000; Cheng 2003). The setting in which one party faces reduced prospects of electoral defeat by virtue of occupying a dominant position in the political landscape has spurred analysis that probed the effects of one-party dominance on government response to public opinion, levels of accountability and consolidation or erosion of democratic development (Schedler 2002; Scheiner 2005; Levitsky and Way 2006).

Fundamentally, dominant party systems capture political contexts in which inter-party competition exists, but the presence of multiple parties has no effective consequence on

electoral outcomes because one party (or a coalition) dominates elections and the government. However, scholars disagree on the exact parameters that determine such dominance with Bogaards (2004: 174-5) distinguishing these differences using four criteria: a) the threshold for dominance; b) the presence or absence of opposition elements; c) the presence or absence of a divided government in presidential regimes; and d) the time-span of dominance. As a result, some authors focus on vote share dominance (Coleman 1960; Van de Walle and Butler 1999), while others perceive the longevity of dominance as a key aspect (Blondel 1968; Pempel 1990; Ware 1995). Yet others, like Sartori (1976), combine various aspects of the typology. For the purpose of this study, I follow Pempel (1990) in defining a dominant party system as one where electoral dominance by one party or a governing coalition of parties is sustained over a prolonged period, where there is dominance in the formation of governments and there is dominance in the formulation of public policy. This interpretation of dominance helps to gauge how a dominant party strategises its relationship with the voters and coordinates inter-party competition with the opposition, helping to establish accountability linkages between voters and politicians.

Social cleavage theory and institutional approaches frequently serve as the underlying explanatory frameworks for the emergence of dominant party systems (Molinar 1991; Ware 1995; Mershon 2002). Scholars, however, disagree on the exact processes that ensure the establishment of dominance and then sustain it over a prolonged period. In post-colonial settings, electoral dominance has sometimes arisen as a result of the leveraged legitimacy that a party gained as part of the liberation struggle against colonial rule or as a means of transitioning to democracy (Baregu 2004; Suttner 2004). The Congress Party in India, the ANC in South Africa, and the United Malays National Organisation (UMNO) in Malaysia emerged from political movements that evolved into parties as part of the struggle for

liberation (Crouch 1996; Case 2001; Brooks 2004). The wide support of the ANC in South Africa resulted precisely from the party's 'long history and evolution as a liberation movement-come-political party' (Brooks 2004: 8). To sustain electoral monopoly of the incumbent, dominant parties employ varying processes, which include the expansion of their support base by means of accommodating different ethnic or socio-economic cleavages. For instance, Mexico's PRI, Taiwan's Kuomintang (KMT) and Malaysia's UMNO acted as catchall organisations capable of delivering policies to their diverse electorates (Southall 1997; Jesudason 1999; Chu 2001; Magaloni 2006; Greene 2007). In Malaysia, the UNMO transcended ethnic ties to secure a broad mandate based on the continuation of economic growth and political stability (Southall 1997; Jesudason 1999). In other instances, dominant parties employ institutional means to erect barriers to entry for challengers to enhance their electoral prospects and diminish the chances of their competitors. In Italy and Japan, the Christian Democratic Party and the Liberal Democratic Party, respectively, purposely altered their electoral systems to ward off potential challenges to its electoral authority (Arian and Barnes 1974; Levite and Tarrow 1983; Mershon 2002; Golden 2004; Scheiner 2005; McElwain 2008).

Dominant party systems can be expected to accentuate adverse selection and moral hazard for two reasons. Firstly, the different mechanisms that first helped the dominant party come to power allow dominant parties to create a 'virtuous cycle of dominance' (Pempel 1990: 16) by virtue of the structuration of competition (Magaloni 2006; Greene 2007). The centralisation of such control in turn provides great control over the organisation of internal party organisation. In instances where the party has no specific ideological roots and politicians do not differentiate themselves at elections on this basis, functioning outside the scope of the dominant party is not politically desirable. A key strategy which dominant parties can assume

is to retain a centralised policy and ideology spectrum, while simultaneously maintaining a diversity of opinions and approaches (Brooks 2004). The weakness of ideology also makes splits from the dominant party unlikely, diminishing the prospects of a rising opposition (Magaloni 2008). In maintaining elite unity, dominant party systems ensure that the system is further sustained by the fact that politicians with ambitions to serve in government will pursue membership in the only party that can offer them public office or governmental positions. The broad ideological scope of the dominant party allows it to serve as an umbrella party, which encompasses various internal factions, but maintains a cohesive front during elections. For decades, the Congress Party in India controlled the government, the legislature and state governments as a consequence of its broad appeal, until internal factions, finding support in emerging political cleavages in society, fractured the catchall structure. The leverage attributed to the ANC in South Africa, as a consequence of its liberation symbolism, has reduced the scope of opposition politics in relation to the dominant party (Reddy 2002). As a result, the system perpetuates itself by virtue of serving as the only political vehicle that can garner a politician a post in government. Such centralisation of competition can also lead to the reduced quality of the opposition, as opposition politicians may select to work alongside the governing party in order to increase their access to political and financial resources. This further inhibits the choices that voters have at the polls, enhancing adverse selection and moral hazard concerns (Golden 2009). The internal structuration of party organisation in dominant party systems presents issues for voters, as politicians do not angle to win their votes, but rather position to secure the favour of the dominant party (Golden 2009).

The second way in which governing party dominance can affect accountability results from the extended incumbency terms that reinforce the dominant party's position of power and

offer the incumbent opportunities to disadvantage the opposition by biasing competition in its favour. As long-term office holders, dominant parties have the advantage in aggregating broad elements of the electorate and having greater access to variety of policy instruments, as well as the capacity to supervise the dissemination of information (Boucek 1998). Where dominant parties hold majorities in parliament and government, as was the case for Mexico's Institutional Revolutionary Party (PRI) for many decades (Greene 2007), one party can essentially organise or halt institutional change as it deems fit (McElwain 2008), granting greater (or exclusive) access to government resources and to public policy that defines parameters of political competition (Greene 2008). The capacity to manipulate and alter the rules of competition potentially facilitates the installation of a competitive environment that severely disadvantages the incumbent's competitors from either entering the electoral market or mobilising a consequential vote, thus ensuring continued electoral monopoly (Myerson 1993; Myerson 1995). This presents an issue of adverse selection for voters who face limited choices at the polls. By controlling the flow of information, the dominant party incumbents may also obfuscate voters' knowledge regarding their actions in office, further enhancing moral hazard concerns, while at the same time limiting opposition access to media.

In contrast, dominant parties which function within the context of a coalition do not have such wide policy scope that would allow them to simply alter the rules of competition and are more likely to have to negotiate with additional actors to exert their political will (Benoit 2004). However, when the dominant party forms the core of the coalition and the coalition is fractionalised (Boucek 1998), other coalition parties have to coordinate with the ruling party. Such a relationship may lead to collusive practices between competing parties, as opposition parties are incentivised to include the dominant party in the governing coalition, exacerbating agency problems for voters. The Italian Christian Democrats and Communists provide an

illustrative example: the two parties opposed each other fiercely in public, but bargained with each other behind closed doors (della Porta 2004). The problem of adverse selection arises due to the fact that voters lack information regarding their representatives' intentions when holding public office. So, while outwardly the candidate may present to champion good public policy, her intentions may be quite the opposite. Because her party itself is ensuring the provision of a corrupt environment, it will not aid the voter in the enhancing the accountability linkage. Furthermore, because the opposition may be complicit in the actions of a corrupt governing party, they will also fail to provide the voter with essential information that would determine the quality of their representative.

In terms of moral hazard, corrupt parties and politicians may continue to survive due to the fact that as a result of their collusive practices they have been able to close out the electoral market to new entrants. Thus, voters face two moral hazard issues. Firstly, the collusive agreements between governing and opposition parties may obfuscate the availability of information regarding corrupt exchanges. So, voters do not know which politicians and parties are responsible for which actions. Secondly, even when voters may be capable of allocating blame for malfeasant activities due to the collusive practices between existing parties, they may not be able to select candidates who are untainted. Therefore, in systems where parties collude with each other, competition is jeopardised and parties grossly enhance the problems of adverse selection and moral hazard by socialising and entrenching politicians to work within an illegal framework and by reducing the capacity of voters to hold their politicians to account.

In summary, dominant party systems enhance the scope for corruption by being able to subvert internal party opposition by virtue of its electoral dominance and by erecting barriers

to entry for challengers through manipulation of public policy and regulations that affect the rules of competition. Unchallenged access to government resources strengthens dominant parties' positions, while undermining those of the opposition. These latent inequalities in the competitive landscape lead to agency problems for voters, whose access to information can be subverted by the dominant party's control over the media and the government's ability to obfuscate responsibility for negative policy outcomes, such as corruption. Additionally, electoral dominance, either by means of continued majority status or serving as the core of the coalition, severely constrains voters' choices at the polls, raising the likelihood that they will return corrupt and underperforming incumbents to office. Therefore, I argue that continued dominance will raise levels of corruption in a political system. My third hypothesis is:

> *H3: Ceteris paribus, long-standing governing party dominance worsens levels of corruption*.

Conclusion

This chapter introduced the theoretical framework which explores how party system features can condition accountability and shape the scope for corruption in modern democracies. Building on research that utilises the principal-agent framework for modelling bureaucratic corruption, I extend the agency model to consider governmental corruption and explore the relevant relationships between voters-principals and politicians-agents in an attempt to bridge the existing gap in empirical work on determinants of corruption and the theoretical work on electoral accountability. Specifically, I concentrate on identifying how voters can be constrained by agency issues of adverse selection and moral hazard in selecting non-corrupt

politicians to office and investigating what incentives and opportunities for corruption are available to politicians.

My theoretical approach sets out that the latitude for political corruption is significantly shaped by the effectiveness of electoral accountability that enables voters to control their representatives. In their role as institutional mediators of the accountability relationship between voters and politicians, party systems structure voters' access to information regarding the quality and behaviour of their incumbents and candidates, which in turn allows voters to distinguish politicians and parties that curb corruption from those who don't, and the effectiveness of electoral choices that allow voters to avoid electing politicians who engage in or tolerate corruption.

I consider three party system features – institutionalisation, fragmentation and governing party dominance – and theoretically probe how variation on these dimensions enhances agency problems for voters and diminishes electoral accountability, thereby increasing the scope for corruption. I hypothesise that party systems with high levels of institutionalisation and moderate levels of fragmentation enhance electoral accountability and decrease the scope for corruption. Conversely, these effects are reversed, raising agency issues for voters, in systems with low levels of institutionalisation, very high fragmentation and long-term incumbency by a dominant party.

The next chapter empirically probes the hypotheses outlined here, establishing correlations between the described party system features and levels of corruption. The case study chapters that follow investigate the validity of the causal mechanisms described here, considering each party system feature independently.

Chapter Three

Cross-Sectional Empirical Analysis

This chapter tests empirically the theory and hypotheses outlined in the theoretical chapter, complementing existing empirical research on corruption, as well as the broader scholarship on electoral accountability. The regression analysis examines the effects of three party system features – institutionalisation, fragmentation and governing party dominance – on levels of perceived corruption across 91 democracies from 2003 to 2009.[15] The findings and analysis in this chapter build on the voluminous scholarship examining the effects of institutional settings on the proliferation of corruption (Sachs and Warner 1995; Poirson 1998; Ades and di Tella 1999; Goldsmith 1999; La Porta et al. 1999; Leite and Weidmann 1999; Abed and Davoodi 2000; Sandholtz and Koetzle 2000; Treisman 2000; Mo 2001; Paldam 2002; Gerring and Thacker 2005; Tavits 2007; Treisman 2007; Charron 2011; Potter and Tavits 2011). The ease of access to cross-national datasets has facilitated scholars in testing the relationships between institutional features, such as the types and nature of the electoral system and regime type, and levels of corruption. Surprisingly, there exist no systematic empirical analyses which test whether corruption is affected by features of the party system, a key institutional feature that conditions the relationship between voters and politicians.

The findings in this chapter provide the first systematic cross-sectional analysis that probes the effects of party system features on corruption.[16] The analysis of this chapter builds on the work of two other studies that partially address the effects of the party system in a large-N regression. Charron (2011) and Tavits (2007) find that higher numbers of effective parties

[15] The scores for governmental corruption are averaged over this period.
[16] The underlying dataset for this dissertation was used as the basis for an article on party system competition by Schleiter and Voznaya (2012), which presents aspects of this analysis.

correlate with increased corruption levels.[17] Testing these fragmentation effects on a sample including 70 democratic and semi-democratic countries and OECD and Eastern European countries, respectively, Charron and Tavits highlight the importance of institutional conditions that allow voters to attribute responsibility for outcomes, in essence containing corruption through improvement of accountability.[18] My analysis extends both the empirical and theoretical scope of these earlier works. Firstly, in considering 91 countries, I extend the number of cases previously tested on the party system dimension. Secondly, I extend the accountability logic underlying the relationship between fragmentation and corruption that Charron and Tavits capture in their studies to two other party system features – institutionalisation and governing party dominance.

Recalling the theoretical arguments in Chapter 2 regarding the anticipated effects of party system features on corruption, the data and models in this chapter test the following hypotheses:

H1: Corruption improves when party system institutionalisation increases.

H2: Corruption levels worsen when party system fragmentation increases from intermediate to high levels.

H3: Corruption worsens with high levels of governing party dominance.

[17] Charron conditions his findings through an interactive effect with the electoral system, which predicts that fragmentation increases corruption only in plurality systems and not in proportional systems.
[18] Tavits focuses on features, such as single party government, party system fragmentation, cabinet duration and opposition influence, while Charron considers the role of the opposition within a certain setting of institutional constraints.

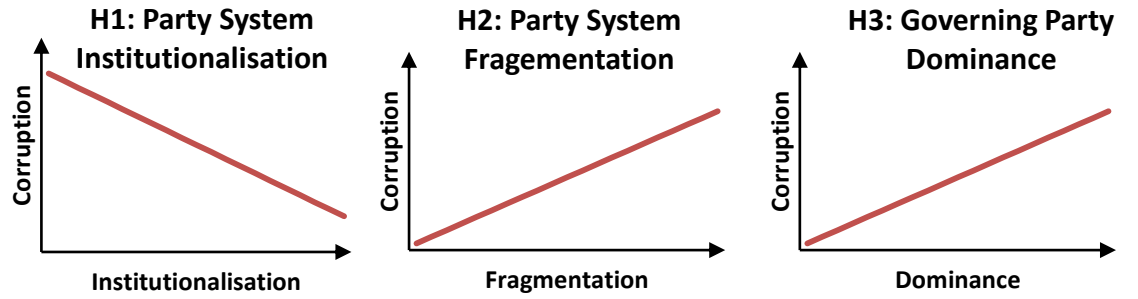


Figure 3.1 Theoretical Expectations Outlining the Relationship between Party System Features and Corruption

In the following sections I describe the data, explain the operationalisation choices for the dependent, independent and control variables and justify the selection of the empirical model. I proceed with the analysis of the findings, reflecting to what degree the empirical model confirms the hypothesised party system features' relationships with corruption. The conclusion discusses the implications of the large-N findings for the case study analysis and sets out a framework that will motivate case study research.

Data

Because the theory underlying this study assumes a minimal level of accountability between voters and politicians, I test my hypotheses about the effects of party system feature on governmental corruption only in democratic countries that score five or lower on the Freedom House Democracy Index.[19] As accountability and democratic selection are the driving factors in principal-agent transactions, it is not possible to include non-democratic regimes in this analysis as, by their very nature, they do not fulfil the voter/politician social contract (Kurer 2001: 65). The unit of analysis is the country and the data cover 91

[19] The Freedom House score is the combined score of the political rights (PR) and civil liberties (CL) scores, aggregated by Freedom House. Measured on a seven-point scale (countries measuring 0-2.5 are ranked as Free; 3.0-5.0 are ranked as Partly Free; 5.5-7.0 Not Free).

democracies,[20] the corruption levels for which are observed over an aggregated seven-year period 2003-2009 (see Appendix 1 for the list of countries considered in the analysis). Table 3.1 provides the descriptive statistics for the dependent, independent and control variables and lists the number of observations for each indicator, its mean (or mode), the standard deviation and the minimum and maximum values.[21]

Table 3.1. Descriptive Statistics for Empirical Analysis

Variable	Observations	Mean	Min.	Max.
Corruption	91	0.37	-1.81	2.35
Party Age	91	36.87	3.00	147.38
ENEP	90	5.13	1.68	51.45
ENPP	91	3.57	1.31	15.21
Governing Party Dominance	91	5.77	1	52
GDP(per capita)	91	3,604	143	42,066
Freedom House score	91	2.20	1	4.81
Decentralisation	91	0*	0	2
Presidentialism	91	1*	0	1
Personal vote	91	0.39	0.05	0.67
Plurality	91	0*	0	1
Proportional Representation	91	0*	0	1
Protestantism	91	0*	0	1
Ethno-linguistic Fractionalisation	91	0.37	0	0.88

*Denotes a modal, rather than mean, value

Dependent Variable

Corruption – the dependent variable – is measured by the 'Control of Corruption' dimension from the World Governance Indicators (WGI) index constructed by the World Bank (Kaufmann, Kraay, and Mastruzzi 2004; Lederman, Loayza and Soares 2005; Tavits 2007; Treisman 2007).[22] The index reports the aggregate and individual indicators for 212 countries

[20] While the corruption levels are observed over an aggregated period from 2003 to 2009, the democratic status of the country is gauged through an aggregated Freedom House Score for 1996-2002.
[21] Note that Party Age, ENEP, ENPP and Governing Party Dominance are listed as the nominal (rather than the logged and squared) values for ease of interpretation.
[22] Another popular measurement of perceived corruption is the annual Transparency International Corruption Perceptions Index (CPI). While CPI has an advantage over the WGI in providing annualised data for the countries, it is less comprehensive in its country coverage.

and administrative areas starting in 1996. The source data for the index are diverse, ranging from surveys of individuals and domestic businesses that possess first-hand knowledge regarding governance in the country to expert opinions of country analysis and data derived from NGOs and commercial risk rating agencies. The Control of Corruption dimension 'measures the extent to which public power is exercised for private gain, including petty and grand forms of corruption, as well as "capture" of the state by elites and private interests'.[23] The score produced by the index ranges from -2.5 (most corrupt) to 2.5 (least corrupt). Due to its extensive country coverage and completeness, this index allows the opportunity to examine many more countries than other cross-country datasets. Additionally, the aggregate findings stem from a wide number of underlying sources, which are treated as measures of a common latent variable, thus mitigating the overemphasis on specific polls or questions.

Despite the advantages offered by the extensive breadth of scope and coverage, the WGI data present several challenges. Firstly, the latent methodology changes to the index that occur from year to year (Kaufmann, Kraay and Mastruzzi 2004) prevent me from using the corruption data to examine the hypothesised relationships temporally. As a result, I am limited to probing the correlations using cross-sectional analysis. The second challenge arises from the fact that the WGI corruption indicator captures perceptions, rather than actual experiences, of corruption. Perceptions of corruption can potentially diverge from the underlying phenomenon, instead capturing the 'noise' surrounding it. As such, exposure of corruption scandals in the media and political zeal in promoting anti-corruption programmes can potentially drive the direction of perceptions of corruption. From a theoretical perspective, corruption perceptions are important – even if they do not directly reflect actual instances of corruption – because of the way they shape the actions of voters (Kaufmann et

[23] http://info.worldbank.org/governance/wgi2007/faq.htm. Retrieved on 11 July 2010.

al. 2007). If voters perceive their politicians to be corrupt or believe them to be tolerant of corruption undertaken by other public officials, they will have the same options available to them for removing these politicians as if they had hard evidence against them.

Turning to empirical considerations, the inherent lack of transparency and impossibility of direct observation of corruption restrict the availability of measures that capture actual corruption to one or few countries, inhibiting cross-sectional analysis of actual instances of corruption. More expansive surveys of actual corruption include the United Nations Interregional Crime and Justice Research (UNICRI) Crime Victims' Survey,[24] the World Bank's Business Environment and Enterprise Performance Survey (BEEPS) [25] and Transparency International's Global Corruption Barometer.[26] Unfortunately, their coverage of countries and time periods remains limited at this time. At the same time, the correlation between the WGI corruption measure and these 'experience of corruption' surveys are statistically significant and high, ranging from 0.6 to 0.8 (Treisman 2007: 218). These correlations support the assertion that the corruption perceptions measure is a meaningful measure that taps into the underlying phenomenon of corruption, providing increased credibility to the findings in this chapter. Nonetheless, there is a chance that reality and perceptions diverge, particularly in years where a corruption scandal has been revealed. To overcome potential discrepancies, I average corruption scores over a number of years in order to avoid systematic bias of the results.

Independent Variables[27]

[24] http://www.unicri.it/services/library_documentation/publications/icvs/. Retrieved 8 August 2010.
[25] http://data.worldbank.org/data-catalog/BEEPS. Retrieved 8 August 2010.
[26] http://www.transparency.org/research/gcb/overview. Retrieved on 8 August 2010.
[27] Appendix 2 integrates the hypotheses of the theory chapter with the operationalisation of party system variables at the large-N and case study level.

In exploring the effects of party system institutionalisation, fragmentation and governing party dominance on governmental corruption, my first step is to operationalise these conceptually complex features. The following section sets out the operationalised variables and offers empirical and theoretical justifications for their selection.

Party System Institutionalisation

I use the *average age of parties* in the legislature as a measure for party system institutionalisation. [28] Average party age helps to gauge the first dimension of institutionalisation, stability of inter-party competition, outlined in the theoretical chapter. Drawing on the conceptualisation of institutionalisation by Dix (1992) and Mainwaring (1999), the average age of parties should help capture the endurance of parties' electoral support over a sustained period of time. A higher average age of parties in the system indicates a more stable pattern of party competition (Przeworski 1975), a more entrenched system of parties and stronger linkages between voters and parties (Mainwaring and Torcal 2006), and a system which presents parties as legitimate conduits for voter-politician linkages (Torcal, Gunther and Montero 2002). When parties have short life spans, voters face the difficulty in both making a decision regarding candidates with no institutional history (adverse selection), as well as being unable to hold parties to account for their conduct while in office (moral hazard). Conversely, long-standing party labels and platforms provide voters with stable choices during electoral periods.

The *average age of parties* indicator captures the average age of parties of the first government party, second government party, and the largest opposition party (or the subset of these for which age of party is known), as recorded by Beck et al. (2001) in the Database of

[28] Electoral volatility is another popular measure used to gauge levels of party system institutionalisation. Unfortunately, the difficulty in tracing party vote shares – which often require intimate knowledge of individual countries' party merges and splits – for a cross-national sample of this size prevented its use in this study.

Political Institutions.[29] I expect this indicator to have marginally diminishing effects. The marginal effect of each additional year to the overall age of parties is going to decrease as the average age of parties increases, resulting in a reduced effect of a one-unit change of the independent variable on levels of governmental corruption. For this reason, I take the natural log of the term. The average age of parties in the legislature can help gauge party system stability. Long-standing party labels and platforms provide voters with stable choices during electoral periods. The expectation is that as the average age of parties in the legislature increases, the levels of perceived corruption decrease.

Party System Fragmentation

There are two main approaches to classifying party systems using the number of parties. The classic approach, championed by Blondel (1968), Duverger (1959) and Sartori (1976), relies on the categorisation of party systems. This approach nests party systems into specific discrete categories, such as two-party systems, multiparty systems, moderate pluralism systems, etc. The second approach defies taxonomy altogether. Instead, it utilises continuous numeric variables to describe the party system. This approach first favoured Rae's (1968) index of fractionalisation, but has since embraced the Herfindahl index of relative party size and Laakso and Taagepera's (1979) index of the effective number of parties (ENP[30]). The use of indices to capture the number of parties allows the examination of party system differences in terms of degrees rather than classifications (Mair 2006).

In my analysis, I employ the approach that favours the continuous measure of fragmentation, specifically focussing on ENP, for two reasons. Firstly, many of the typologies still prevalent

[29] Throughout the analysis, I use the updated 2010 version of Beck et al.'s Database of Political Institutions.
[30] Effective number of parties (ENP) is a generalised framework that calculates an adjusted number of political parties in a country's party system (Laakso and Taagepera 1979). In addition to counting the parties, the ENP formula weights the parties by their relative electoral or parliamentary strength.

today were developed before the third and fourth waves of democratisation, which have significantly altered the party system landscape. Additionally, institutional change has resulted in the reformulation of the typology underlying previously well-established party systems.[31] The combination of these two phenomena renders some of the typologies obsolete, while others become heavily weighted towards one type of party system classification. The second reason for the use of the ENP as a measurement to capture party system fragmentation is an empirical one. Because the ENP is a continuous measure, it allows me to use regressions to gauge increases or decreases in governmental corruption levels as the levels of fragmentation increase, rather than establish that a particular type of fragmented system is more prone to higher levels of corruption. Because I also probe a quadratic relationship between corruption and fragmentation[32] in my regressions, I believe the continuous measure to be more appropriate for testing my hypotheses. Although the party system typology makes the number of parties its most distinct feature, there are inherent differences when considering all parties contesting an election vs. those winning legislative seats and contesting government formation (Wolinetz 2006). I address these differences and integrate them into the theory by distinguishing between the effective number of electoral parties (ENEP) and effective number of parliamentary parties (ENPP) as determinants of party system fragmentation.

Party system fragmentation is measured using the number of effective parties. While the effective number of electoral parties (*ENEP*) and the effective number of parliamentary parties (*ENPP*) are related measures, they reflect different aspects of the party system in

[31] For instance, changes to the electoral system in New Zealand in 1994 transformed the previously predominant two-party system into a multi-party one.

[32] While my hypothesis sets out that a shift from intermediate levels of fragmentation to high levels of fragmentation worsens corruption, a preliminary examination of the data suggests a quadratic form. This discussion is detailed in the Model Choice and Findings section below.

relation to the principal-agent approach and, thus, I use them as two separate measures.[33] Both *ENEP* and *ENPP* are calculated using the Laakso and Taagepera (1976) index:

$$N = \frac{1}{\sum_{i=1}^{n} p_i^2}$$

where n is the number of parties with at least one vote/seat and p_i is the party's proportion of all votes or seats. The *ENEP*/*ENPP* measures help overcome the problem of inclusion or exclusion of parties from analysis, as they provide continuous, rather than discrete, measures of party numbers (Wolinetz 2006: 59). The majority of the data for this indicator were derived from the ENEP/ENPP index constructed by Gallagher and Mitchell (2008) and supplemented by data from Golder (2005), with the remaining missing values calculated using the original Laakso and Taagepera formula.[34] Because I expect the *ENEP* and *ENPP* variables to have marginal diminishing effects, whereby the marginal effect of each additional party can be expected to decrease as the number of parties rises, I take the natural log of both terms. Having already inspected the nature of the *ENEP* and *ENPP* variables, I probe a quadratic relationship, the expectation being that the effective number of parties initially improves corruption, while the quadratic term captures the opposite effect. To test the quadratic relationship, I square the logged terms of both *ENEP* and *ENPP*.

I anticipate that adverse selection concerns are more potent for voters in party systems with extreme fragmentation, as voters face volumes of unfiltered information relating to

[33] Chapter 2 sets out the theoretical differences between ENEP and ENPP.
[34] When the information for 'Other' parties was aggregated below the 10 percent, I followed Gallagher's (2010) suggestion to enter this category simply as another party. At such a low level of aggregation, the error is minor and this approach is generally found acceptable. In case where the information for 'Other' parties was aggregated above the 10 percent mark, I utilised Taagepera's (1999) approach listed below:
Take the mean of extremes:
(1) Add 'Others' as 0: N= 10,000/2600 = 3.846.
(2) Add 'Others' as the lower of R 2 (here, 202) or PLR (10 × 20): N = 10,000/(2600 + 200) = 3.571.
(3) Average: N = 3.71.

competing candidates and parties during elections, diminishing voters' capacity to make meaningful decisions when casting a vote. High numbers of parties in parliament increase the potential for coalition formation, which can create moral hazard concerns if voters cannot discern responsibility for policy outcomes, including corruption. Furthermore, a greater number of competing parties complicates voters' ability to coordinate on the opposition when challenging an underperforming incumbent. For these reasons, I expect that rise in electoral and legislative party system fragmentation from moderate to high levels – as captured by the quadratic term – will be associated with increased levels of perceived corruption.

Governing Party Dominance

Governing party dominance helps capture contexts where inter-party competition in a multi-party setting is inhibited by the continuous rule of a key party in government or a governing coalition. I measure g*overning party dominance* by calculating the number of years a party has spent in government consecutively (either as the single majority power or as a dominant partner in a coalition).[35] I take the natural log of this variable as it features a positively skewed distribution. As with the party system fragmentation indicators, the preliminary inspection of the effect of this variable showed a curvilinear relationship. To address this non-linear effect, I square the logged term in order to probe a quadratic relationship, where the squared term captures long-term party dominance in government. The cross-national scope of the variable prevents me from testing other aspects of dominance, which, in addition to temporal factors, gauge the threshold of dominance and consider the role of the opposition (Bogaards 2004: 174-5).

[35] The data from this indicator were derived and calculated primarily using the updated version of Beck et al.'s (2001) Database of Political Institutions. Missing data were determined using information from the Interparliamentary Union *Chronicle of Parliamentary Elections and Development* and Adam Carr's *Psephos Election Archive*.

My expectation is that continued governing party dominance will harm accountability and give rise to agency issues. Prolonged governing dominance is expected to result in greater levels of perceived corruption as the dominant party gains the ability to hinder the rules of competition and install barriers to entry for its competitors, thus increasing opportunities for incumbents to abuse their office, while offering them insulation from risks of electoral competition. Thus, while initial dominance in government may be ushered in by voters, continued dominance is likely to be the consequence of the alteration of the rules of competition, which then can lead to moral hazard issues. Once long-term incumbency has been established, at the expense of the opposition, voters face greater challenges establishing responsibility for corrupt behaviour and policies, as the incumbent also controls the information channels, thus further enhancing moral hazard. The expectation for the empirical analysis is that long-term governing party dominance, captured through the quadratic term, increases corruption.

Control Variables

The regression analysis controls for the effects of a range of other variables, which have been shown to affect governmental corruption in cross-national studies. Specifically, I control for the impact of economic, institutional and socio-cultural variables.

Economic development has been shown to be one of the strongest predictors of corruption levels, with low levels of economic development being associated with high levels of corruption (Ades and Di Tella 1999; La Porta et al. 1999; Treisman 2000; Montinola and Jackman 2002; Gerring and Thacker 2004; Kunicová and Rose-Ackerman 2005; Treisman 2007). Economic development can be expected to curb corruption because it improves education, literacy levels, and depersonalised relationships, which Treisman (2000: 404)

argues raise the odds that voters will notice and challenge abuse. To measure the level of economic development I use GDP per capita (in constant 2000 US$), recorded in the World Bank World Development Indicators.[36] I apply a logarithmic transformation to this variable for two reasons: a) the original variable has a highly skewed distribution and b) I expect that the positive effect of economic development on corruption will produce marginal returns as development increases.

As the purpose of this study is to delineate separate effects of party system features, it is essential to control for other institutional variables to avoid capturing a spurious relationship. *Democratic development* has been established as another significant predictor of corruption, with decreased levels of corruption associated with exposure to democratic values (Goldsmith 1999; Sandholtz and Koetzle 2000; Treisman 2000; Paldam 2002; Persson, Tabellini and Trebbi 2003; Gerring and Thacker 2004; Kunicova and Rose-Ackerman 2005; Lederman, Loyaza and Soares 2005). The level of democratic development is measured using the combined Freedom House scores,[37] ranging from 1 to 5,[38] with higher scores denoting a lower level of democratic development.

Previous empirical analyses found that constitutional arrangements can affect the extent of rent extraction and corruption in the country. Countries with decentralised loci of power have been shown in some studies to positively influence levels of corruption, as increased competition between political actors at different levels of government provided essential checks and balances that improved accountability (Root 1999; Fisman and Gatti 2002; Arikan 2004; Lederman, Loyaza and Soares 2005). Other scholars argue that the multiplicity of political actors helps obscure malfeasance in federal countries, which they find to negatively

[36] http://data.worldbank.org/data-catalog/world-development-indicators. Retrieved on 13 February 2012.
[37] The Freedom House index offers two metrics that capture political rights and civil liberties.
[38] As mentioned previously, only democratic and semi-democratic countries are included in the analysis.

affect the levels of corruption (Huther and Shah 1998; Goldsmith 1999; Treisman 2000; Gerring and Thacker 2004; Kunicova and Rose-Ackerman 2005). I use a *decentralisation* measure to capture the degree of autonomy delegated to governments elected at the subnational level, using Beck et al.'s (2001) data 'state' indicator.[39] The ordinal measure helps capture the diffusion of power between different levels of administration and takes the values of 0, 1, or 2, with higher scores indicating higher levels of decentralisation.

I also control for the impact of *presidentialism*, as it has previously been shown to correlate with increased levels of corruption (Gerring and Thacker 2004; Kunicova 2005), though others have ruled out its impact in recent years (Treisman 2007). To address regime type influence, I use a dummy indicator for democracies with executive presidents (1=presidential and semi-presidential regimes, 0=all others) utilising Svolik's (2008) coding.

In order to gauge the impact that the nature of the electoral system might have on levels of corruption, I employ a series of dummy variables that capture *plurality* systems, *proportional representation* countries, and *closed list* systems. I also include an interaction capturing *closed list*PR*. Previous research probing the relationship between corruption and electoral systems reports contradictory findings, especially when testing the different types of proportional representation systems (Persson and Tabellini 2003; Chang and Golden 2004; Kunicova and Rose-Ackerman 2005; Chang and Golden 2007). The electoral system data is drawn from Beck et al. (2001), with missing information augmented by data from Golder (2005) and Regan and Clark (2010). The fact that electoral systems can affect accountability – by shaping voters' access to information and electoral choices through processes that are similar to the ones that I propose for party systems – suggests that there is potential that their

[39] Missing data was gathered from the IPU and Adam Carr websites.

inclusion can spuriously affect the relationship between corruption and party system features. However, recent research has shown that there is great difficulty in tracing direct impact of the electoral system on the party system (Morgenstern and Vazquez-D'Elia 2007) and, despite these latent influences, my analysis shows a relationship between party system features and corruption that is independent of electoral system effects.

To probe the effects of electoral systems in a slightly more sophisticated manner, I also include a control for the *personalisation of the vote*, as it has been a widely used institutional predictor of corruption. Some studies of the effects of the personal vote on corruption suggest that non-programmatic voting for individuals, as opposed to parties, raises the costs of politics for politicians and obfuscates the lines of accountability for voters, leading to greater potential for incidence of corruption (Reed 1996; Golden 2003; Chang and Golden 2004; Chang 2005; Manzetti and Wilson 2007). Others, however, find that personal vote incentives correlate with reduced levels of corruption (Persson, Tabellini and Trebbi 2001; Kunicova and Rose-Ackerman 2005; Tavits 2007). As politicians strengthen the direct link between themselves and the voters, they provide voters with the ability to identify and punish politicians who are found to be corrupt while in office. This approach argues that the personal vote generates incentives to avoid corruption. The *personal vote* measure is also the closest proxy available for measuring clientelistic competition, a potential party system feature which I had to exclude from my overarching theory for theoretical and empirical reasons.[40] The consequence of the inherent difficulty of measuring clientelism is the lack of a plausible cross-national measure that links well to the time period under study (the only existing time-series dataset by Kitschelt and Kselman (2012) was not available for public use). While unable to include a clientelism indicator, I use the *personal vote* variable as a control proxy to

[40] As described in Chapter 1, clientelistic competition derives from the provision of narrow material benefits, often to a small group of the electorate, in exchange for votes, while programmatic competition is based on the provision of programmatic policies by competing parties and candidates.

capture the effects of clientelistic competition. To gauge *personal vote* I use Hallerberg and Marier's (2004) coding of relative incentives for the personal vote.[41] I pursue a three-step approach to calculate this variable. Firstly, I create the sum from the *ballot*, *pool*, and *vote* scores, to which '1' is added.[42] In the second step, I take the log of the district magnitude. Thirdly, I divide the sum in step one by the log of the district magnitude. Finally, the *personal vote* indicator is created by dividing the newly created index by 10 in order to rescale the index, so the range is between '0' (no personal vote) to '1' (only personal vote).

I include *ethno-linguistic fractionalisation* as a control that addresses the socio-cultural context. Because ethno-linguistic cleavages may shape party system fragmentation and party dominance (Neto and Cox 1997; Southall 1997; Jesudason 1999; Chu 2001; Magaloni 2006; Greene 2007), as well as voter information and choice, I include this measure to ensure that the relationship between party system features and corruption is not spuriously obscured. *Ethno-linguistic fractionalisation (ELF)* is measured using Alesina et al.'s (2003) ethnicity variable, which is calculated as one minus the Herfindahl index of ethno-linguistic group shares, reflecting the probability that two randomly selected individuals from a particular population would belong to different groups.[43] The variable ranges from 0 to 1, with higher values indicating a greater degree of ethno-linguistic fractionalisation. I anticipate that higher levels of ethno-linguistic fractionalisation will correlate with higher levels of perceived corruption as suggested by Mauro (1995). The potential link may be rooted in the fact that

[41] Hallerberg and Marier (2004), in turn, derive their coding from the Carey and Shugart (1995) article on incentives for cultivating a personal vote.
[42] *Ballot* is scored as follows: 0: parties control access, as well as the order in which individuals will fill the seats that the party wins; 1: parties control access to the ballot, but not to the order in which candidates are assigned seats; 2: parties do not control access to ballots or rank. *Vote* is scored as follows: 0: voters have one vote for one party; 1: voters can cast votes for multiple candidates; 2: voters have one vote only for an individual candidate. *Pool* is scored as follows: 0: votes are pooled across the whole party; 1: votes are pooled at the sub-party level; 2: no pooling of votes across candidates in a party. The additional '1' is added in order to avoid division by 0 in the next step.
[43] Alesina et al. (2003) use the same approach to calculating ELF as previous data, published in the *Atlas Narodov Mira*, but they use different underlying data, which produces different results.

politicians in ethnically divided societies exploit their position to benefit members of their ethnic group (Pellegrini and Gerlagh 2008). I do not include another cultural predictor of corruption levels – interpersonal trust – due to limited temporal and cross-national data.

Another potential cultural explanation of corruption is voters' tolerance of corruption (Gilespie 2006; Cameron et al. 2009). For instance, countries in which individuals assert the solidarity of personal relationships above other links may experience higher levels of corrupt behaviour due to individuals undertaking illicit interpersonal favours (Nef 2001). While data gauging voters' tolerance of corruption and voters' perception of salience of corruption issues is available through regional surveys, including the Eurobarometer, Afrobarometer and LAPOP surveys, variation in these surveys' methodologies and temporal scopes prevents the inclusion of such cultural indicators in the large-N analysis. In the absence of such data, I use a series of *regional indicators*, presented as dummy variables for the Former Soviet Union, the Middle East, Asia, Africa and Latin America, to test for any unobserved regional and cultural sources of heterogeneity on levels of perceived corruption.[44]

Model Choice and Findings

The nature of the dependent variable drives the choice of the model for the regression analysis. When measuring perceptions of corruption, cross-sectional analyses are more broadly used due to the difficulty of comparing the data year to year when considering time-series approaches. Specifically, about half the overtime variance of the World Bank's Worldwide Government Indicators measure of corruption is estimated to result from changes in the sources used and the assignment of weights to different sources (Kaufmann and Kraay 2002). In other words, when the underlying sources used to construct the corruption index are

[44] The omitted category includes USA, Canada, Australia, New Zealand and Europe.

altered in successive years, the changes in the index may be incorporating the use of newly added sources, rather than reflecting substantive changes to perceptions of corruption. For this reason, the World Bank research team responsible for the index, as well as scholars testing the validity of the empirical claims derived from time-series use of this data, caution against overestimation of inter-year variation (Treisman 2007). Guided by the limitations of the dependent variable and taking into account its unbounded range (min: -1.81; max: 2.35), the main results presented here employ a cross-national sample of 91 countries using ordinary least-squares regression (OLS). I average corruption scores over a period of seven years (2003-2009) and use averages of applicable explanatory and control variables for the previous eight years (1995-2002).[45] This data treatment allows me to deal with three important concerns. Firstly, it helps establish the direction of causality, as well as minimise problems of endogeneity. By considering the lagged averages of the explanatory and control variables, I show that the correlations are in fact driven by party system effects, rather than the other way around. While it is possible that the nature of the party system may in fact be influenced by corrupt politicians who, in order to preserve a political system beneficial to their interests, will work to maintain the status quo by changing institutional rules in their favour, analysing party system and control data in years previous to the corruption scores under consideration helps overcome this issue. Secondly, averaging data provides a smoothing effect to the corruption scores, helping avoid overemphasis on single-year scores and thus smoothing spikes caused by specific corruption scandals. As the data deals with perceptions, it is likely that such an event would result in a score that may not necessarily reflect the general situation. Lastly, averaging scores and lagging independent and control variables allows for the best use of the available data. Corruption perceptions indices improve dramatically in their scope and source use in the mid-2000s and on, the period for which

[45] The lagged averages include institutionalisation, electoral fragmentation, parliamentary fragmentation, dominant party governance, economic development, democratic development, as well as any applicable squared terms.

corruption data is averaged. To correct for potential unobserved sources of variability between countries, I estimate robust standard errors.

Table 3.1 presents the results of ten models testing the hypotheses outlined in the theory chapter showing that all explanatory variables are significant at the five percent level or better using two-tailed tests.[46] Model 1 and 2, Models 3 and 4, and Models 5 and 6 test the effects of *ENEP* and *ENPP* separately because they are alternative measures of party system fragmentation.[47] Models 7 to 10 consider the effects of each party system independently. I discuss their estimations on the section on robustness.

[Insert Table 3.1 here]

Model 1 uses a parsimonious set of controls and presents the correlation results between levels of perceived corruption and (1) the average age of parties in parliament (institutionalisation), (2) effective number of electoral parties (fragmentation), and (3) the number of consecutive years a ruling party has spent in government (governing party dominance). Model 2 estimates the same correlations, but replaces the number of effective electoral parties as a measure of fragmentation with the number of effective parliamentary parties. The R^2 statistics for these models are 0.853 to 0.841 respectively, indicating a very good fit. Models 3 and 4 use more extensive sets of controls, adding electoral system features, ethno-linguistic fractionalisation and personal vote indicators. None of these added variables have a significant effect, improving the models' R^2 only slightly to 0.866 and 0.858 respectively. Because the shared variation between the main and the quadratic terms for party system fragmentation (*ENEP* and *ENPP*) and governing party dominance is high,

[46] All models are estimated using STATA 11.
[47] Additionally, these two variables are highly correlated and must be considered separately in the full models.

distinguishing the separate effects of these terms becomes difficult. For this reason, I residualise these quadratic terms in order to uncorrelate them from the main terms and replicate the results of Models 3 and 4 in Models 5 and 6 using orthogonalised terms. The residualisation takes the shared variation between the linear and quadratic terms and adds it to the linear term. In effect, the coefficients on the main terms in Models 5 and 6 are equivalent to the coefficients these terms would have had if the quadratic terms had been excluded from the regression (Clarke and Stone 2008).[48]

The empirical findings across all specifications confirm the hypothesised expectations that party system features affect levels of corruption. I consider the results using the estimations of Model 5, as its estimations put my hypotheses to a more precise test due to the use of residualisation.[49] Party system institutionalisation – captured as the average age of parties – improves the levels of perceived corruption as expected, confirming my argument that institutionalisation ensures stability of competition among parties in a system, thereby providing voters with informational cues and relatively predictable choices at the polls that allow them to mount credible challenges against malfeasant incumbents (H1). An increase in the average age of parties from 3 years (the minimum value in the dataset) by one standard deviation (31.4 years) to 34.4 years improves the perceived corruption score by 10%. As hypothesised, this effect diminishes as institutionalisation increases in an already stable party system. A further one standard-deviation increase in the average age of parties of a well-established system (using the average party age of 36.57) to 67.97 years yields a diminishing marginal effect that reduces perceived corruption by 2.5%.

[48] Using residualisation as a technique to overcome collinearity can potentially result in misleading interpretations when applied to control variables, rather than the variables of interest, leading to the inflation of coefficients of the variables of interest and reduction of their standard errors (Clarke and Stone 2008). To avoid this issue, I apply residualisation only to the variables of theoretical interest, regressing first the quadratic tem on the linear term and the substituting the quadratic term with the residuals from the supplementary regression.
[49] I refer to the estimations in Model 6 when considering effects of parliamentary fragmentation.

As predicted by the theory, party system fragmentation strongly correlates with changes to the perceived corruption scores. Models 1, 2, 3 and 4 show that the initial rise in the number of electoral and parliamentary parties improves perceived corruption levels, but as the party system fragments further, this pattern reverses. Models 5 and 6 distinguish the effects of the two types of fragmentation and their squared terms through the orthoganalisation of the latter. These findings, which are more precisely estimated, show that while there is in fact a curvilinear relationship gauging the effects of fragmentation on governmental corruption, the relationship significantly reflects the effect of the squared term, which is consistent with my hypothesis that highly fragmented party systems both affect voters' ability to obtain relevant information regarding the quality of their politicians, which may see them vote in a malfeasant candidate, as well as struggle to coordinate on the opposition when mounting a challenge to the corrupt incumbent (H2). This is true of both indicators capturing this hypothesis: the number of electoral and the number of parliamentary effective parties.

Prolonged governing party dominance, captured by the quadratic term in Models 1 to 6, also powerfully affects governmental corruption. Models 1, 2, 3 and 4 suggest that systems with dominant governing parties initially improve corruption levels, but as the governing party's length of tenure grows, this trend becomes reversed, as reflected in the quadratic term. The more precise, residualised, estimations in Models 5 and 6 show a reduction in the significance to the linear term (with the estimation in Model 6 showing the loss of significance on the main term), suggesting that initial party dominance effects are not precisely estimated. As hypothesised, the establishment of long-term incumbency restricts voters' choices at the polls, as the governing party creates greater barriers to entry for the opposition limiting the effectiveness of electoral accountability (H3).

In these models, I also control for the effects of economic, institutional and cultural variables. As has been consistently recorded in other empirical studies of corruption, economic development is significantly associated with reduced corruption. Turning to institutional controls, I find that higher levels of democratic development serve as a powerful predictor of reduced levels of corruption. Other institutional features, on the other hand, including levels of institutional decentralisation, the presence of an executive president, type of electoral system, and the personalisation of the vote, do not appear to have a significant impact on the levels of perceived corruption. Ethno-linguistic fractionalisation also shows no significant effect on conditioning levels of corruption. Regional dummies suggest that being a Latin American or Middle Eastern democracy has a negative impact on perceptions of corruption, while African countries correlated with reduced levels of corruption.

Robustness of Findings

To further examine the robustness of these results, I estimate the effects for each party system feature separately. Models 7 to 10 make clear that the results are robust, whether we examine the effects of party system features separately or jointly. Furthermore, to ensure that the region dummies are not the central drivers of the level of explained variance, I re-run the original regressions excluding the region dummies (not shown). While the region dummies make a significant contribution to the models' overall explanatory power (model R^2 statistics ranging from 0.82 to 0.87), without them the models still show high R^2 statistics (0.75 to 0.80).

The measure capturing the levels of democracy – Freedom House's combined civil and political liberties score – provides a wide scope of free and partly free countries on which this

analysis is based. However, the inclusiveness within this scope of partly free countries, ranked from 3.5 to 5, may undermine the theoretical considerations underlying accountability between voters and politicians. Unfortunately, restricting the sample to only free countries (0 to 2.5 on the Freedom House index) drops a third of the study's cases and does not faithfully register all democratic states. For this reason I rerun the regressions reducing the scope to countries that rank 4 and lower on the FH index, ostensibly minimising the potential for electoral manipulation and dropping some potentially problematic countries, such as Russia (not shown). Additionally, to further restrict the democratic scope within the sample I cross-check all countries that rank above 2.5 (and would thus would be considered partly free by Freedom House) with the Polity Index of Democracy, and rerun the sample with countries which correspond to the score of 6 or higher on the Polity Index, further diminishing the scope for capturing countries that might be subject to electoral manipulation. The results (not shown) again offer substantively the same findings as reported in models 1 through 10 in Table 3.1. Finally, to further examine the robustness of my findings and to rule out the possibility that voters' failure to punish governmental corruption results from situations where electoral fraud and manipulation foil the democratic process (Kurer 2001: 65), I rerun the parsimonious and extended models, as well as models that orthogonalise the squared terms of the explanatory variables of interest (fragmentation and governing party dominance), using an alternative measure of democratic levels: the Polity Index of Democracy. In these regressions I include countries which rank 6 or higher (up to 10) on Polity's democracy index, which subjects the sample to a stricter requirement for measuring the level of democracy and minimises any potential effect of electoral manipulation. The overall sample considers 72 democracies. Table 3.2 presents the results of these models. Models 1 to 4 closely reflect the findings of `the original regressions (see Table 3.1), though the democracy score does not have a significant effect in this iteration. The explanatory variables of

interests, namely institutionalisation, fragmentation and governing party dominance retain their significance and the coefficients retain their signs in this restricted sample. The R^2 statistics range from 0.85 to 0.86, again closely reflecting the variance findings of the original regressions and suggesting a good model fit.

[Insert Table 3.2 here]

Lastly, I again consider the concern about the direction of causality. While the analysis in models 1-10 in Table 3.1 addresses this problem by lagging all explanatory variables by 7 years, I probe the direction of causality by exploring directly to what extent corruption, as well as key institutional, social and economic factors, can be shown to play a role in accounting for party system features (models not shown). I rerun the central regressions using an averaged and lagged corruption indicator (1996-2002) as the principal independent variable, substituting logged values of institutionalisation, fragmentation and governing party dominance (averaged over 2003-2009) and find no effect, lending further leverage to the argument that the causal relationship between corruption levels and party system features runs as described by the theory. Nonetheless, I recognise that this regression solution is an imperfect one in ruling out endogeneity. A more robust endogeneity and order of causality test would include the use of instrumental variable regression to overcome the potential problem of OLS estimation producing biased results if the model includes an endogenous regressor. Sovey and Green (2011) suggest that lagged values of variables in the model can sometimes work as candidates for such instruments. However, the collection of party system data for the period under study (1996-2009) already showed the difficulty of obtaining such data for a global sample and further efforts to collect statistics for older values of key regressors demonstrated that it would severely restrict the sample, potentially undermining

the overall analysis. Although I am unable to proceed with instrumental analysis in the large-N analysis, I consider endogeneity and reverse causality within the context of the case studies.

Conclusion

The message of this chapter is that party system features have a powerful and significant effect on levels of corruption, as perceived by citizens, domestic and international firms and corruption and risk analysts. The results support the hypotheses set out in Chapter 2 and reveal three principal findings. First, greater levels of party system institutionalisation, gauged by the average age of parties in the assembly, improve perceived levels of corruption. Second, moderate levels of party system fragmentation are correlated with improved levels of corruption, while very high fragmentation levels increase corruption levels. Third, extended governing party dominance worsens corruption. In line with principal-agent theory, the findings show that increased levels of institutionalisation and moderate levels of fragmentation enhance voters' access to information and improve the efficacy of their vote at the polls. These improved accountability structures enable voters to identify and select politicians for whom corruption is a priority and punish those for whom it is not. On the other hand, high party system fragmentation and long-term governing dominance inhibit these accountability linkages, diminishing the quality of information for voters and mitigating the effectiveness of their choices at the polls.

The findings of this chapter build on comparative empirical literature that investigates institutional determinants of corruption, extending the theory of accountability to a previously omitted institution – party systems. Additionally, research presented here corroborates existing qualitative analysis on the effects of party system features on levels of corruption,

improving the empirical scope by considering a larger number of countries than in previous cases and expanding the theoretical scope by exploring party system features other than the effective number of parties. The empirical results of this chapter serve as a foundation for further exploration of the effects of party system features on corruption using case studies. The following chapters employ nested research design, using the regression analysis presented here, to identify and examine countries that best reflect this model. Chapter 4 considers Panama, a country with low levels of party system institutionalisation, and traces the mechanisms that condition on corruption in this setting. In Chapter 5, I examine inter-district variation in Uttar Pradesh, India's largest state, to demonstrate the mechanisms underlying party system fragmentation. Chapter 6 considers inter-state variation in Mexico, a country with the longest serving governing dominant party until 2000, to gauge the processes that influence corruption through long-term incumbency of governance.

Table 3.1. Effects of Party System Features on Levels of Political Corruption

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Party system variables										
H1 Institutionalisation (ln Party Age)	0.195***	0.162***	0.199***	0.170**	0.199***	0.170**	0.154**			
	(0.0609)	(0.0604)	(0.0665)	(0.0656)	(0.0665)	(0.0656)	(0.0629)			
H2 Electoral Fragmentation (ln ENEP)	1.098***		1.293***		0.172			0.0553		
	(0.330)		(0.367)		(0.115)			(0.120)		
Electoral Fragmentation Sq	-0.263***		-0.306***							
	(0.0655)		(0.0734)							
Electoral Fragmentation Sq (Residuals)					-0.200***			-0.168***		
					(0.0481)			(0.0495)		
Parliamentary Fragmentation (ln ENPP)		0.995**		1.465***		0.0745			-0.00569	
		(0.454)		(0.502)		(0.128)			(0.139)	
Parliamentary Fragmentation Sq		-0.337**		-0.481***						
		(0.146)		(0.160)						
Parliamentary Fragmentation Sq (Residuals)						-0.481***			-0.485***	
						(0.160)			(0.156)	
H3 Governing Party Dominance	0.590***	0.567***	0.583***	0.541***	0.0975*	0.0935				0.124**
	(0.173)	(0.175)	(0.176)	(0.178)	(0.0568)	(0.0588)				(0.0592)
Governing Party Dominance Sq	-0.139***	-0.134***	-0.139***	-0.128***						
	(0.0402)	(0.0422)	(0.0434)	(0.0448)						
Governing Party Dominance Sq (Residuals)					-0.125***	-0.115***				-0.137***
					(0.0389)	(0.0402)				(0.0412)
Controls										
Economic Development	0.326***	0.348***	0.309***	0.327***	0.309***	0.327***	0.399***	0.404***	0.407***	0.377***
	(0.0593)	(0.0632)	(0.0664)	(0.0705)	(0.0664)	(0.0705)	(0.0775)	(0.0676)	(0.0686)	(0.0733)
Democratic Development	-0.291***	-0.279***	-0.266***	-0.268***	-0.266***	-0.268***	-0.237**	-0.269***	-0.273***	-0.243**
	(0.0772)	(0.0801)	(0.0897)	(0.0933)	(0.0897)	(0.0933)	(0.109)	(0.0991)	(0.0998)	(0.105)
Decentralisation	0.0320	0.0343	0.0633	0.0580	0.0633	0.0580	0.0583	0.0794	0.0737	0.0805
	(0.0602)	(0.0626)	(0.0623)	(0.0639)	(0.0623)	(0.0639)	(0.0686)	(0.0695)	(0.0693)	(0.0642)
Presidentialism	-0.0558	-0.0622	-0.0558	-0.0583	-0.0558	-0.0583	0.0228	-0.0582	-0.0776	0.00363
	(0.111)	(0.119)	(0.108)	(0.119)	(0.108)	(0.119)	(0.130)	(0.118)	(0.124)	(0.127)
Ethno-linguistic fractionalisation			-0.511	-0.496	-0.511	-0.496	-0.321	-0.456	-0.470	-0.310
			(0.367)	(0.384)	(0.367)	(0.384)	(0.374)	(0.412)	(0.421)	(0.345)
Personal Vote			0.0769	0.154	0.0769	0.154	0.0627	0.0320	0.0869	0.128
			(0.326)	(0.325)	(0.326)	(0.325)	(0.335)	(0.356)	(0.342)	(0.335)

Plurality systems			0.234	0.214	0.234	0.214	0.191	0.294	0.274	0.186
			(0.175)	(0.180)	(0.175)	(0.180)	(0.225)	(0.206)	(0.202)	(0.188)
PR systems			0.0700	-0.0272	0.0700	-0.0272	0.0641	0.146	0.0586	0.140
			(0.173)	(0.184)	(0.173)	(0.184)	(0.205)	(0.192)	(0.186)	(0.211)
Closed-list			-0.00777	-0.0650	-0.00777	-0.0650	0.0671	0.00627	-0.0504	0.0460
			(0.149)	(0.149)	(0.149)	(0.149)	(0.189)	(0.175)	(0.171)	(0.174)
Closed-list PR			0.0440	0.117	0.0440	0.117	-0.00212	-0.0160	0.0493	-0.0295
			(0.211)	(0.221)	(0.211)	(0.221)	(0.259)	(0.238)	(0.230)	(0.260)
Former Soviet Union	0.208	0.228	0.289	0.311	0.289	0.311	0.201	0.117	0.135	0.117
	(0.173)	(0.169)	(0.195)	(0.197)	(0.195)	(0.197)	(0.206)	(0.211)	(0.206)	(0.205)
Middle East	-0.534***	-0.425***	-0.517***	-0.369**	-0.517***	-0.369**	-0.408***	-0.399**	-0.289*	-0.279*
	(0.122)	(0.119)	(0.155)	(0.141)	(0.155)	(0.141)	(0.143)	(0.158)	(0.152)	(0.146)
Latin America	-0.440***	-0.452**	-0.381**	-0.386**	-0.381**	-0.386**	-0.524***	-0.341**	-0.320*	-0.488***
	(0.167)	(0.172)	(0.160)	(0.164)	(0.160)	(0.164)	(0.156)	(0.165)	(0.167)	(0.160)
Asia	-0.122	-0.126	-0.204	-0.217	-0.204	-0.217	-0.251	-0.186	-0.197	-0.268
	(0.148)	(0.152)	(0.159)	(0.159)	(0.159)	(0.159)	(0.162)	(0.194)	(0.195)	(0.174)
Africa	0.481**	0.444*	0.579**	0.568**	0.579**	0.568**	0.414*	0.577**	0.628**	0.293
	(0.208)	(0.226)	(0.270)	(0.269)	(0.270)	(0.269)	(0.220)	(0.286)	(0.283)	(0.235)
Constant	-3.632***	-3.383***	-3.723***	-3.537***	-2.540***	-2.417***	-2.843***	-2.419***	-2.330***	-2.361***
	(0.899)	(0.888)	(0.863)	(0.841)	(0.753)	(0.763)	(0.813)	(0.759)	(0.756)	(0.746)
Observations	90	91	90	91	90	91	91	90	91	91
R-squared	0.853	0.845	0.866	0.858	0.866	0.858	0.823	0.828	0.827	0.833

Notes: Robust standard errors in parentheses. ** p<0.01, * p<0.05, + p<0.1

Table 3.2. Effects of Party System Features on Levels of Political Corruption (Using Polity2)

	(1)	(2)	(3)	(4)
Party variables				
Institutionalisation (ln Party Age)	0.222***	0.202**	0.222***	0.202**
	(0.0742)	(0.0836)	(0.0742)	(0.0836)
Electoral Fragmentation (ln ENEP)	1.262***	1.216**	0.0248	0.0535
	(0.451)	(0.465)	(0.150)	(0.148)
Electoral Fragmentation Sq	-0.338***	-0.318**		
	(0.118)	(0.128)		
Electoral Fragmentation Sq (Residuals)			-0.221***	-0.208**
			(0.0776)	(0.0835)
Governing Party Dominance	0.437*	0.418**	0.0646	0.0401
	(0.219)	(0.196)	(0.0791)	(0.0746)
Governing Party Dominance Sq	-0.106**	-0.108**		
	(0.0503)	(0.0471)		
Governing Party Dominance Sq (Residuals)			-0.0954**	-0.0968**
			(0.0451)	(0.0422)
Control variables				
Economic Development	0.388***	0.377***	0.388***	0.377***
	(0.0649)	(0.0690)	(0.0649)	(0.0690)
Democratic Development (Polity2)	0.0957	0.0991	0.0957	0.0991
	(0.0588)	(0.0674)	(0.0588)	(0.0674)
Decentralisation	0.00955	0.0538	0.00955	0.0538
	(0.0790)	(0.0905)	(0.0790)	(0.0905)
Presidentialism	0.0354	0.0111	0.0354	0.0111
	(0.112)	(0.129)	(0.112)	(0.129)
Ethno-linguistic fractionalisation		-0.318		-0.318
		(0.369)		(0.369)
Personal Vote		-0.0378		-0.0378
		(0.350)		(0.350)
Plurality systems		0.286		0.286
		(0.239)		(0.239)
PR systems		0.125		0.125
		(0.273)		(0.273)
Closed-list		0.0396		0.0396
		(0.187)		(0.187)
Closed-list PR		-0.00418		-0.00418
		(0.301)		(0.301)
Constant	-5.593***	-5.483***	-4.395***	-4.339***
	(0.747)	(0.744)	(0.588)	(0.626)
Region dummies	Yes	Yes	Yes	Yes
Observations	72	72	72	72
R-squared	0.853	0.862	0.853	0.862

Notes: Robust standard errors in parentheses. *** p<0.01, **p<0.05, *p<0.1

Chapter Four

Party System Institutionalisation: Panama

The empirical findings of Chapter 3 suggest that party system institutionalisation plays a key role in conditioning electoral accountability and levels of governmental corruption. By improving or diminishing the likelihood of adverse selection and moral hazard problems for voters, the party system provides the scope for voters' ability to reward or punish politicians during elections. In democracies, party systems serve as the critical mechanism that allows voters to hold their representatives to account. Effective electoral accountability can, however, be thwarted by under-institutionalisation in the party system, as voters have to make choices at the polls in a political landscape that is dominated by young and short-lived parties and fluid alliances. The resulting ambiguity in attributing responsibility has a significant impact for voters in under-institutionalised systems, as they struggle to identify politicians who performed poorly and to remove incumbents who acted malfeasantly or tolerated corruption. Such conditions strongly influence the scope for corruption in a polity.

To further probe the effects of under-institutionalised party systems on corruption, I draw on the principal-agent framework introduced in Chapter 2. From this analytical perspective, institutionalised party systems should be expected to limit the scope for corruption by improving electoral accountability. Well-institutionalised party systems provide their citizens with information that allows them to identify politicians who have abused their public office, or have done little to improve levels of corruption in the system, and offer voters effective choices during elections that can lead to the removal of malfeasant or poorly-performing politicians. Conversely, in under-institutionalised systems, the more fluid patterns of electoral competition constrain voters in identifying the most capable candidates and further diminish their ability to assign responsibility *ex post*.

This chapter employs nested research design to select a country with a weakly institutionalised party system, using it to analyse party system mechanisms that mitigate or enhance prospects for political corruption. The nested logic of case selection helps bolster the causal inferences that I identified in the empirical analysis and allows me to test the validity of the empirical model internally. I consider Panama and explore whether the scope for corruption in an under-institutionalised system is enhanced when voters have limited or conflicting information regarding the performance and actions of their politicians and when their choices at the polls limit their ability to punish politicians that have abused their office or allowed others to do so.

The chapter proceeds as follows. In the next section, I set out the expectations for the relationship between corruption and party system institutionalisation and show how this relationship structures voters' ability to access information about their political candidates and affects their capacity to cast a meaningful vote during elections. I then outline the case for employing nested research design and utilising Panama as a hypothesis-testing case study. The historical section on the evolution of Panama's party system provides the background to the patterns of weak institutionalisation prevalent in the country today. Using descriptive statistics, I identify features of the party system that are likely to affect increased levels of corruption and discuss their relevance to my theoretical expectations. Employing survey data I show that corruption in Panama is not a reflection of a raised tolerance for corruption among the country's citizens. I further discuss the specificities of the country's electoral system, before ruling it out as a confounding variable on levels of corruption. The empirical section employs a brand new dataset on Panamanian legislative incumbents and tests the relationship between corruption and party system institutionalisation, focussing on adverse

selection agency issues. I find that Panama's under-institutionalised party system enables malfeasant politicians to obscure responsibility for actions in office by switching parties. This destabilises voters' choices during elections, as they face opaque informational cues from the parties and struggle to co-ordinate an effective vote in light of multiple competing choices, which include incumbency, party and party alliance. In effect, these adverse selection issues prevent voters from being able to distinguish between corrupt and non-corrupt politicians when they go to the polls, giving more leverage to the hypothesis that under-institutionalisation complicates effective selection strategy. The conclusion situates the findings within the larger context of the thesis, offering discussion that integrates the correlations established in Chapter 3 with the causal inferences derived in this chapter.

Party System Institutionalisation and Corruption

This chapter focuses on two aspects of institutionalisation: stability of inter-party competition and organisational strength of parties. As noted in Chapter 2, the choice to focus on these specific features of institutionalisation is motivated by the fact that aspects of the four main variables set out by Mainwaring and Scully's (1995) seminal work on party system institutionalisation have been found to be highly correlated by subsequent researchers (Roberts and Wibbels 1999), suggesting that these measures were conflating party system institutionalisation causes and effects (Hassan 2011: 34-5).

I focus on stability of inter-party competition and the strength of party system organisations as two distinct aspects of institutionalisation that help gauge the extent to which voters can form precise and stable expectations regarding the actions of their representatives. Stability of inter-party competition gauges the endurance of parties' electoral support from one election to the next over a number of elections cycles. The greater the fluctuation – both within each

party and overall – between elections, the less durable the model of party competition and, consequently, the less institutionalised the party system. Strength of internal party organisation captures the extent to which the parties in the system serve as the central vehicle for political actors. Strong party organisations provide effective control over their politicians by providing clear career advancement trajectories and instituting punitive mechanisms in instances when politicians fail to fulfil their delegative contracts.

As described in Chapter 2, stability in inter-party competition provides voters with improved levels of predictability at elections and thus improves accountability. Overall party longevity and low volatility, two indicators of party system institutionalisation, lend themselves to increased levels of predictability in electoral outcomes, providing voters with an electoral history that could be employed in making future decisions at the polls. Older parties present voters with the continuity of party labels, which in theory should allow voters to distinguish parties' positions and platforms, enabling them to hold parties to account for their actions while in government or the in assembly. Party systems with lower levels of volatility, where parties survive from one election to the next, also help mitigate agency problems as they allow voters to hold politicians to account for policy underperformance and malfeasance while in public office. The knowledge that voters have clear mechanisms by which to identify malfeasance and consequently exact punishment for such behaviour means that politicians in systems with older parties and less volatility are incentivised by the nature of the system to act in the best interest of their principals.

Conversely, in weakly institutionalised systems, the electoral markets are less predictable and are characterised by the presence of young parties, the frequent emergence of new parties and inter-party alliances, and party switching that has little political cost for politicians. The

inchoate state of the party system reduces the value of party labels and enhances agency problems voters and limits voters' ability to identify the most suitable candidates for political office, as well as constrains them in assigning accountability *ex post*. The presence of younger parties in the political system can lead to voters evaluating the potential and performance of parties with little information regarding the parties' institutional history. This raises adverse selection problems, as voters may struggle to interpret parties' and their candidates' intentions, increasing the likelihood of placing malfeasant politicians in office. Weaker informational cues also constrain voters in assigning responsibility based on policy outcomes. This informational deficiency allows politicians to conceal their responsibility for specific negative outcomes and shift the blame on other political participants.

High-level volatility systems present similar agency issues. Adverse selection becomes a problem in volatile systems because voters have to make a choice at the polls on the basis of scant institutional history. In the case of new party entrants, voters have no previous party platform to which they can refer when making their selection. Secondly, when parties are fluid (i.e. they do not survive from one election to the next), voters have no one to hold responsible at elections. Therefore, even if voters are able to identify those responsible for corrupt actions, they might not be able to punish them due to the effects of reduced party survival.

In institutionalised party systems, the longevity of parties and low levels of electoral volatility enhance the internal strength of party organisations, ensuring that politicians invest in their parties. Politicians in such systems operate on the assumption that they will be in politics for a long time, requiring the support of their party for future elections. As a result, switching parties between and during elections is generally a rare occurrence in institutionalised party

systems, meaning that voters follow party cues, rather than respond to individual politicians. In less institutionalised systems, however, the fluidity of the party system – manifest in numerous party dissolutions, splits and mergers – weakens internal party organisation. When parties lose their purpose as vehicles for career advancement, politicians are likely to pursue other viable means to improve their electoral survival prospects. One such mechanism is party-switching, which entails politicians switching their party affiliations in order to enhance their prospects of obtaining party privileges, increasing the likelihood of desired policies being realised, or to secure an advantageous position at re-election (Muller and Strom 1999; Zielinski, Slomczynski and Shabad 2005; Mershon and Shvetsova 2008; McMenamin and Gwiazda 2011). Party-switching is a key dimension of party organisational strength because it gauges the aggregate stability of individual party organisations. When parties cannot retain their politicians, the system within which they function cannot be considered a stable one, as it fails to provide well-established and well-known choices to voters (Mainwaring and Torcal 2006). By switching parties, politicians can obscure their responsibility for unfavourable policies and adopt the reputation of the new party. Such actions complicate voters' decisions at the polls and, as a result, increase the probability that malfeasant or underperforming politicians will evade punishment.

In sum, institutionalised party systems enhance voters' ability to attribute responsibility for policy decisions and reward or punish politicians on the basis of their political behaviour, while poorly institutionalised systems diminish voters' capacity for such actions. Inchoate systems obscure the link between performance in office and re-election, presenting politicians with opportunities to circumvent their representative functions and pursue career and personal objectives that do not represent the electorate's best interests.

Nested Design and Case Selection

The empirical findings in Chapter 3 show a significant correlation between party system institutionalisation and levels of corruption, providing further support to the external validity of this study's theory. In order to probe the mechanisms that underlie the large-N association, I use nested design to select a case study to test the theory's internal validity. As I employ nested analysis design (Lieberman 2005), I use the results of the statistical analysis to select a case that is well-predicted by the empirical model and is representative of the larger sample. I select Panama to further investigate the effects of weak party system institutionalisation on corruption because it fits the parameters described above and its indicators correspond with the predictions of the large-N model in Chapter 3. Table 4.1 compares Panama's values with the sample mean and modal values.

Table 4.1: Panama compared to Sample Mean (and Modal) Values

Variable	*Obs.*	*Sample Mean*	*Min*	*Max*	*Panama*
Corruption	91	0.37	-1.81	2.35	-0.30
Party Age	91	36.87	3.00	147.38	12.22
ENEP	90	5.13	1.68	51.45	7.16
ENPP	91	3.57	1.31	15.21	3.80
Dominant party governance	91	5.77	1	52	2.00
GDP (per capita, in USD)	91	3,604	143	42,066	3,756
Freedom House score	91	2.20	1	4.81	2
Decentralisation	91	Mode: 0	0	2	1
Presidential Power	91	Mode: 1	0	1	1
Electoral system	91	Mode: Mixed			Mixed
Ethno-linguistic Fractionalisation	91	0.37	0.002	.879	0.55

Source: Dataset from Chapter 3.

Panama has been selected as an exemplary case to probe and explore the effects of party system institutionalisation on corruption because it has a relatively under-institutionalised

party system (the country's aggregate age of parties is 12.22 over the period of 1995-2002).[50] As can be seen in Table 4.1, variables that have been found to be influential in previous studies largely reflect the mean and modal values of the overall sample, allowing the effects of party system institutionalisation on corruption to be isolated. Panama's corruption score[51] is recorded as -0.30, far below the sample mean of 0.37. Panama can further be considered a strong model-testing case due to the alignment of its control indicators with the large-N sample mean. This allows the case study to be focussed specifically on the relationship under study, as the other predictors of corruption are held constant.

The empirical model residuals for Panama (-.228) further confirm the country's relevant representation of the sample and its suitability for the test of internal validity. No other country in the large-N sample offered such a good fit – both in terms of variation on the dependent and independent variables, but also in terms of so closely matching the control variable means. Because Panama has long-established patterns of under-institutionalisation, I do not employ the case study to contrast the effects of low and high levels of institutionalisation. Instead, I explore how accountability is affected in a low institutionalisation setting, and in what way it raises issues of moral hazard for voters.

In the next section, I set out the historical background for the Panamanian party system before I proceed to probe the expectation that low party system institutionalisation enhances the scope for political corruption by undermining electoral accountability.

[50] Panama's average age of parties is approximately a third of the average mean of party age in the large-N sample.
[51] Perceived corruption score from the World Bank World Governance Indicators (WGI) Control of Corruption, averaged over 2003-2009. The WGI score ranges from -2.5 (very corrupt) to 2.5 (low corruption).

The Panamanian Party System: Background

Throughout the twentieth century, the Panamanian party system was one of Latin America's least institutionalised. Although at the turn of the 20th century Panama's political parties derived their roots from Liberal and Conservative parties in Colombia (from which Panama seceded in 1903), its unique geographical position and trade links with the United States set it apart from other Latin American countries, in which landed oligarchy shaped political interests and cleavages (Taylor 1998). Political competition in Panama was shaped by the interests of the country's commercial elites who competed for U.S. tutelage, with the Conservative Party (*Partido Conservador*, PC) dominating politics from secession until the 1920s (McDonald and Ruhl 1989: 240). The marginalisation of the Conservative Party and the subsequent fractionalisation of the newly dominant Liberal Party (*Partido Liberal*, PL) in the mid-1930s led to the emergence of numerous competing party organisations. These early factors and developments set the stage for the under-institutionalisation of the party system in the 20th century.

The period between 1934 and 1968 was one of very low levels of party system institutionalisation in Panama. During this time, Panamanian voters faced a myriad of constantly changing choices at the polls, with the 1964 legislative elections featuring 19 parties vying for votes (Smith 1992). Party campaigns and policies were largely based around political personalities, rather than programmatic platforms. To overcome the fragmentation of the country's vote and to secure enough electoral support to get into government, Panamanian parties began to utilise cross-party alliances. However, these alliances proved as ephemeral as the parties themselves, with memberships changing drastically from one election to the next (Black and Flores 1989). For instance, none of the alliances that competed in 1964 survived to the 1968 elections. Furthermore, several parties, including the Panamenista Party (*Partido*

Panamenista), the Republican Party (*Partido Republicano*) and the National Patriotic Coalition (*Coalicion Patriotica Nacional*), which had previously competed against each other, ran under the same alliance in 1968.

In 1968, the Panamanian political system underwent a significant change, when following the peaceful election of the nationalist Panamenista Party's Arnulfo Arias as president, a junta led by Omar Torrijos ended in a coup d'état (Taylor 1998: 44). Under the 1970-1980 National Development Strategy (*Direccion General de Planificacion* 1970) political parties were banned, disappearing from Panamanian political landscape until 1978 (Smith 1992). The decade-long absence of a party framework gave rise to the institutionalisation and professionalisation of the army, whose interests were underpinned by the newly-founded Democratic Revolutionary Party (*Partido Revolucionario Democratico*, PRD). During this time, non-partisan organisations like the National Civic Coordinator and National Civic Crusade, which represented business, labour, civic groups, women and rural residents, had become important channels for political demands, political expression and competition (Perez 2011).

The reintroduction of political parties in 1978, following the military state's failure to affect change through economic reform and the rising popular frustration with the incompetence and corruption of the Torrijos regime (McDonald and Ruhl 1989), occurred in a vastly changed political landscape. As a consequence of a traumatic discontinuity in party regime, Panama's parties had few ties to their post-military counter-parts. Unlike other Latin American countries, such as Uruguay and Chile, where previously banned political parties formed a broad consensus over social and economic policies as well as democratic values, Panama's post-military period produced a party system with scarce social and ideological

linkages connecting voters to parties. In particular, the PRD, founded in 1979 by Torrijos and controlled by his successor Manuel Antonio Noriega, continued to represent the interests of the military-dominated government, even becoming a mandatory political party for public servants in the early 1980s (Murillo 1995), despite garnering the support of only 26% of the population. Other parties faced internal organisational crises, with the Panamenista Party (at this time, known as the Authentic Panamenista Party) sustaining factionalisation following the death of their charismatic leader, Arnulfo Arias. This split generated three new parties: the Arnulfista Party (*Partido Arnulfista*, PA), the Panamenista Democratic Party (*Partido Panamenista Democratico*, PPD) and the Panamenista Revolutionary Party (*Partido Panamenista Revolucianario*, PPR). The under-institutionalised nature of the parties was not lost on the voters, who viewed them as ad hoc vehicles for ambitions of individual politicians. Ahead of Panama's elections in 1989, voters were highly critical of the political and party system (Calderon 1987).

The deposition of Noriega and the military through a U.S.-led intervention in 1989 democratised the country's electoral processes, yet party competition remained under-institutionalised. The country's social fabric has undergone significant changes, guided by a boom in urban migration, with rural workers responding to employment demands in the construction and services sectors (de Jong and Vos 2000). The socio-economic changes highlighted growing inequality, stressing tensions between the urban classes and rural and indigenous populations (Bussolo, De Hoyos, and Medvedev 2011). These social changes were not reflected in a cohesion of the party system and, in fact, the heterogeneity of different societal interests, coupled with the continued use of parties as platforms for political personalities, led to the emergence of numerous new parties in the early 1990s.

The low levels of party system institutionalisation in Panama derive their roots from historical factors that underlined weak party organisation and instability of electoral choices. Panama's unique geographic location and economic importance to the United States elevated the country's commercial elites as the main political competitors, shaping campaigns around personalities rather than policies. This approach to political competition fragmented the political landscape, which saw the merging, splitting and the death of parties between elections. The use of party alliances, just as fleeting in character as some of the parties, further enhanced the difficulties for voters at the polls. The ban on parties by Panama's military regime in the 1960s meant that upon their re-establishment in the 1980s, parties emerged *de novo*, failing to converge on socio-economically salient issues facing their changed electorate. Simultaneously, voters turned to other organisations as a means for political expression. These continuous factors shaping poor linkages between parties and voters account for party system weakness in Panama today. In the next section, I explore current aspects of weak institutionalisation in Panama and discuss to what extent they influence voters' ability to identify and punish malfeasance or tolerance of corruption by politicians.

Party System Institutionalisation in Panama

Panama's current low levels of party system institutionalisation, manifest in its unstable inter-party competition and weak party organisations, are underscored through a number of indicators, which include a low average age for parties,[52] significant changes to the number of parties taking part in each election cycle, fluid cross-party alliances, and high levels of party-switching by individual legislators between electoral cycles.

[52] The age of a party is measured in years since its formation. The average of party age values in the system is used to calculate the average age of parties. The measurements employed in this study are borrowed from Beck et al. (2001), wherein the average age of parties comprises the three largest governing parties and the largest opposition party.

The Panamanian party system dates back to 1903, and even earlier if Panamanian parties operating within the scope of Colombian dominance are taken into account; however, a large share of parties competing in the post-1989 democratic elections could be considered new entrants. Some parties, such as Solidarity (*Partido Solidaridad*), the Movement of National Renewal (*Movimiento de Renovacion Nacional*, MORENA) and the Civic Renewal Party (*Partido Renovacion Civlista*, PRC), were indeed newly formed organisations, created during the transition to democracy. Other more established parties, such as the PRD, repackaged their identities to distance themselves from the military regime. The Arnulfista Party sustained a number of splits and mergers, eventually becoming the Panamenista Party. In the first post-military regime election in 1989,[53] seven out of thirteen parties (53%) were contesting seats for the first time. Voters faced a plethora of party choices, which had limited or no links to historical party platforms. Subsequent elections saw little consolidation and, as a result, the average age of parties contesting elections in 1994, 1999, 2004 and 2009 was 14.27 (Beck et al. 2010). By contrast, Panama's Central American neighbours featured far higher levels of institutionalisation, with the average age of parties from 1995 to 2009 recorded as 95.5 for Honduras, 38.93 for Belize, 23.45 for El Salvador. The only Central American country with a younger party system than Panama's was Guatemala, whose average age of parties was 9.44.

As a consequence of the introduction of many young parties in the post-military period, the Panamanian system lacked the stability of inter-party competition that has been shown to

[53] While voters did actually go to the polls in 1989, the results of that election were annulled by General Noriega when he realised that his presidential candidate, Carlos Duque, had lost the elections. The American intervention, which displaced Norriega, reinstated the results of the initial election and Guillermo Endara assumed the presidency. As a result, the 1989 election presented a unique situation in the way that Panamanian parties first engaged with a democratic regime, but it was the 1994 elections, which were considered Panama's first truly democratic elections, when voters had an actual stake.

enhance the accountability links between voters and politicians. Table 4.2 lists Panamanian parties securing at least one legislative seat in the national elections between 1989 and 2009. Out of the 17 parties that succeeded in attaining a seat in the assembly, eight (47%) were founded after 1989. Even though some older parties have taken part in post-military elections, the majority of the parties are relatively young, providing voters with little historical basis on which to base their votes.

Table 4.2. Major Parties in Panama (1989-2009)[54]

Name of Party	*Year of Founding*
PL Liberal Party	1903
PLN National Liberal Party	1903
PALA Labour Party	1925
PP Popular Party	1956
PDC Christian Democratic Party	1960
PRD Democratic Revolutionary Party	1979
LIBRE Republican Liberal Party	1981
MOLIRENA Nationalist Republican Liberal Movement	1982
PLA Authentic Liberal Party	1987
PPAN Panamenista Party	1991*
PRC Civic Renewal Party	1992
MORENA Movement of National Renewal	1993
UDI Independent Democratic Union	1993
SOLID Solidarity	1993
MPE Papa Egoro Movement	1994
CD Democratic Change Party	1998
UP Patriotic Union	2006

*Known as Arnulfista Party from 1991 to 2005. The Arnulfista Party was one of the three parties to split from the Authentic Panamenista Party in 1990. While it is considered a new party, its previous parent party traces its roots to 1932.

Another characteristic of under-institutionalisation of Panama's party system is its fluidity; levels of electoral volatility, a measure of aggregate stability and change in party systems, have remained high in Panama during the democratic period. Electoral volatility gauges the 'absolute value of change in the percentage of votes gained or lost by each party from election to the next' (Mainwaring, Espana and Gervasoni 2009: 1). Table 4.3 details the

[54] Appendix 4.1 provides the list of major parties in Panama, listing their names in Spanish.

levels of legislative electoral volatility over four electoral cycles in Panama (1994,[55] 1999, 2004 and 2009). While the levels of volatility have decreased from their peak of 58.2% in the 1989-94 electoral cycles, as new parties emerged in the post-military political landscape, levels of electoral volatility continue to remain high. In the most recent general election in 2009, Panama's volatility score was 29.25%, gauging the absolute change in share of votes gained and lost by parties from the 2004 election. Panama's levels of volatility are high when compared to other countries. For instance, the mean volatility for Western European countries generally falls below the 10% mark, with Germany's aggregate volatility for 1949-2005 averaging at 8%. Panama's neighbours, El Salvador and Honduras, equally feature much lower levels of volatility: 17.9% (for 1985-2006) and 6.8% (for 1981-2005) respectively. Panama's mean volatility score of 35.81% for 1989-2009, on the other hand, appears to mirror the region's more unstable party systems, such as Venezuela where levels of volatility for 1958 to 2005 were recorded at 32.9% and Bolivia at 39.5% for 1989-2005.

Table 4.3. Legislative Electoral Volatility Scores for Panama, (%)[56]

1989-1994	1994-1999	1999-2004	2004-2009	Mean
58.2	31.03	24.75	29.25	35.81

Source: Roberts and Wibbels (1999) for the 1989-1994 calculations; author's own calculations.

Panama's volatility is in part explained by the number of political parties that enter and exit the electoral arena at each election. As shown in Table 4.2, since 1989, seventeen parties had

[55] Although officially the 1989 elections were annulled, the consequent U.S. intervention re-installed the winners of the election into power. For this reason, the volatility score for 1989-1994 is used in these calculations.

[56] Electoral volatility is calculated using the Pedersen Index (1979). The index is constructed by summing the absolute values of the change in each party's share of the total vote between elections, and then dividing this total by two. The index range is between 0 (no parties gained or lost in votes) and 100 (all the parties from the previous election failed to secure any votes).

competed and won legislative seats in the assembly. However, the information in this table does not reflect how long each party survived. From 1994, the rate of party exits ranged between 2 and 6 per electoral cycle, with the average of 3.23 new parties entering each new electoral cycle (Guevara Mann 2011: 278-82).[57] For voters, the death of their previous parties and emergence of new contenders significantly affected the choices available to them at elections every five years.

Electoral volatility in Panama reveals only a part of the story regarding the fluidity of the country's party system. Volatility captures the change in the share of votes for individual parties. In Panama's case, the role of party alliances, and their ephemeral nature, further undermines the institutionalisation of the system. Recent electoral reforms have formalised the historical practice of forming party alliances to contest national elections. The vast number of parties competing in each election has compelled Panamanian parties to align with each other before elections in order to secure decisive votes for their parties. However, these alliances have always been short-lived, reflecting internal disagreements between parties, rather than addressing concerns emerging in society. Table 4.4 reports party alliances for elections held between 1994 and 2009. The table reveals that there is a great degree of variation in building alliances from one election to the next. While the PRD and the PPAN (previously the Arnulfista Party) constitute the core of two competing alliances, other parties frequently migrate from one alliance to another between elections. As a consequence of these shifts, voters are faced with a different set of alliances at every election.

[57] Six of the parties that competed in the 1989 elections, namely the Republican Party (PR), the People's Party of Panama (PPP), the Nationalist Action Party (PAN), the Revolutionary Panamanesita Party (PPR), the Democratic Workers' Party (PDT) and the Authentic Panamenista Party (PPA), had ceased to exist, while nine new challengers – the Republican Liberal Party (PLR), Independent Democrat Union (UDI), National Renewal Movement (MORENA), Civic Renewal Party (PRC), Mother Earth Movement (MPE), National Concertation (CN), Solidarity Party (PS), National Unity Movement (MUN), and Panamenista Doctrine Party (PPD) – entered the electoral field.

Table 4.4. Electoral alliances in legislative elections in Panama, 1994-2009

1994	1999	2004	2009
United People's Alliance **PRD** **PALA** **LIBRE**	New National Alliance PRD PLN SOLID MPE	New Fatherland **PRD** **PP***	One Country for All PRD PP* PL
Democratic Alliance PPAN PL PLA UDI	Union for Panama **PPAN** **MOLIRENA** **CD** **MORENA**	Vision of the Country PPAN MOLIRENA PLN	Alliance for Change **CD** **PPAN** **UP**** **MOLIRENA**
Change '94 MOLIRENA MORENA PRC	Opposition Action Alliance PDC PL PRC PNP	CD and SOLID ran independently of any alliance	VMP and Independent Candidates ran independently of any alliance
Front for National Unity SOLID MUN			
PDC, MPE and PPD ran independently of any alliance			

Source: Perez (2000); Nohlen (2005); Guevara Mann (2011); Panama Electoral Tribunal. Parties in bold face indicate the coalition that formed the government during the course of the given election.
*PDC changed its name to Partido Popular (PP) in 2001.
**In 2006, PLN and SOLID merged into Partido Union Patriotica (UP).

The high levels of party system transience in Panama are further complemented by weak party organisations. The country's party system fluidity, characterised by frequent party dissolutions, formations, splits and mergers, affects parties' ability to screen and manage their politicians. Politicians, on the other hand, make less considerable investments in their parties, aware of the short-lived nature of political organisation vehicles. In Panama, such organisational weakness is reflected in the relatively low cost for politicians to switch party affiliations. In the 1989-94 electoral period, at least 24% of legislators changed party

affiliation, while at least 35% were recorded to have switched in the 1994-99 term (Guevara Mann 2000).[58] From 1999 to 2009, a period which covers two legislative elections, 31 out of 114 politicians (27%) who stood for re-election during those terms had switched parties. Fourteen of these 31 (12%) politicians ran under a different party as a result of their former party ceasing to exist between elections, while 14 (15%) switched parties for other reasons.

The instability of inter-party competition – captured by the low average age of parties, high levels of volatility and fluid inter-party alliances – and the weakness of Panama's party organisations, reflected by the high levels of party-switching, depict Panama as a country with a weakly institutionalised party system. The nature of the party system presents the country's voters with unstable choices every time they go to the polls. The reputations of individual politicians, parties and party alliances become difficult to distinguish as the incumbent-opposition divide is muddled by the fluidity of the party system. As a result, voters' ability to assign responsibility is made more difficult by the fact that candidates who have been alleged to have acted corruptly can repackage their candidacies with little difficulty by switching parties, while parties that were in government or closely associated with the electoral alliance charged with corruption can just as easily extract themselves from that alliance in subsequent elections. Such frequent and multi-level party affiliation changes not only obscure responsibility, but also prevent voters from using retrospective voting as a means to punish or reward politicians.

The career trajectory of Carlos Afu, one of the most notorious incumbents during the 1999-2004 legislative period with 40 allegations of corruption brought against him in the media, is a prominent example of the effect of a poorly institutionalised party system on voters' ability

[58] The data on party-switching for 1989-1994 and 1994-1999 legislative terms are incomplete. Guevara Mann (2000) records instances of confirmed party-switching by politicians; however, it is likely that more politicians had migrated to other parties during these electoral cycles.

to assign responsibility and make informed choices at the polls. In 2002, amidst the CEMIS scandal,[59] Afu admitted to accepting a $6,000 bribe, in response to an allegation that he accepted a bribe of $1.5 million. While Afu ran as a PRD candidate in 1999, during his re-election campaign in 2004, he switched his party affiliation to PPAN, a party that has historically opposed the PRD. In 2004, PPAN also competed as the central party of an alliance that has been entirely transformed from its previous iteration in 1999. As a consequence, voters would have been expected to make a choice between punishing Afu for his malfeasance and their support for PPAN or any of its alliance partners in 2004. The lack of clarity in terms of the information facing voters, coupled with the convoluted choices of incumbent, party and party alliance, complicate voters' ability to co-ordinate effective choices at the polls and punish corrupt incumbents. Carlos Afu retained his legislative seat in 2004.

Before empirically probing the effects of weak institutionalisation on accountability and corruption in Panama, I consider alternative explanations that can potentially influence accountability and, consequently, affect levels of corruption. In the following section I examine whether Panamanians have a higher threshold for tolerating corruption and explore whether party system effects on corruption are confounded by the underlying electoral system.

[59] PRD legislator Carlos Afu alleged that he and fellow legislators accepted $6,000 worth of bribes to approve a government contract. His admission occurred after Balbina Herrera, a PRD deputy, accused him of taking a $1.5 million bribe to break party ranks and to support Mireya Moscoso's – then the president of Panama – nominees in the Supreme Court. Afu admitted taking a smaller bribe in relation to a different matter for a government contract to build an industrial facility for CEMIS in the Colon Port area. Afu alleged participation from other PRD assembly members. The bribe was the first instalment of a $20,000 bribe, distributed by PRD legislator, Mateo Castillero. The Attorney General's Office opened cases in relation to both instances of alleged bribing. The Supreme Court, following the Attorney General's inquiry, ruled that the investigations were illegal, as they had not been authorised by the Panamanian Assembly. A year later, one of the newly appointed Supreme Court judges, Alberto Cigarruista, alleged that his appointment was part of ongoing agreements between Moscoso and several legislators. He admitted knowledge of the exchange of bribes and noted that the Attorney General has been notified of these events (Guevara Mann 2011: 1 and 222-4).

Competing Explanations

Cultural Tolerance of Corruption

Cultural traditions have long served as a popular explanation for corruption, particularly in Latin America. Cultural transmission of corruption has been explored in cross-national and experimental empirical investigations (Andvig and Moene 1990; Tirole 1996; Treisman 2000; Hauk and Saez-Marti 2002; Paldam 2002; Cameron et al. 2009), emphasising the role of cultural and societal factors in affecting citizens' perceptions of corruption, linking stronger cultural tolerance for corruption to higher levels of corruption (Gillespie 2006), as well as tracing such social tolerance to the effects on citizens' perceptions of essential democratic aspects (Moises 2010). Nef (2001) emphasises the prevalence for particularism, which asserts the solidarity of personal relationships above other links in society, and expectations of favours as underlying expectations of corruption. In his view, a self-interested culture such as this breeds indifference, creating suitable conditions for the proliferation of corruption. Others believe that a culture of tolerance directly undermines civic consciousness, decreasing voters' motivation to hold their public officials to account (Guerrero and Rodriguez-Oreggia 2008). In short, cultural tolerance of corruption is expected to diminish accountability mechanisms as citizens accept and engage in corrupt behaviour in their daily lives.

The cultural argument for corruption does not appear to have strong support in the case of Panama. Political corruption is a salient concern for Panamanians, with 88% identifying the practice to be widespread in their country in 2010 and 2012 (Latin American Public Opinion Project, (LAPOP) 2010; 2012). In addition to perceiving corruption as pervasive, Panamanians also believe it to have a powerful effect on their personal lives: 74% of Panamanians reported that corruption affected their personal and family life to a moderate or

large extent (Global Corruption Barometer 2005).[60] In 2012, Panamanians identified corruption as the country's third major problem,[61] behind only crime and inflation. Corruption is also perceived by Panamanians as a major hindrance to improving public policy. More than half of the respondents in a LAPOP 2010 survey listed corruption as the primary reason behind politicians' failure to improve personal safety standards in the country and 45% identified it as the primary reason behind the lack of improvements in environmental policies. In short, Panamanians believe that corruption is a widespread problem, which greatly affects their personal lives and impedes improvements in public policy.

Panamanian politicians are attuned to their citizens' perceptions of corruption, though they appear to have done little to improve them. Elite surveys of the country's parliamentarians show that 89% of Panamanian legislators believed corruption to be an important or very important problem in their country (*Observatorio de Elites Parlamentarias en America Latina* 1999; 2000; 2004; 2005). It is then not surprising that every political campaign since the demise of the military regime has been built around anti-corruption initiatives. Despite these political statements, 32% of Panamanians said that the government does nothing to fight corruption (LAPOP 2012) and 69% believe that the government cannot be trusted to do what is right (Latinobarometer 2008). Not only do the country's citizens perceive the government to be doing little to improve the levels of corruption, they also identify political parties and parliament as institutions most mired in corruption (Transparency International 2009), with over 58% of Panamanians subscribing to the view that greater corruption exists

[60] The average percentage of Latin American denizens who believe their life to be greatly affected by corruption stands at 39%, almost half of the Panamanian score.
[61] Twelve percent of the LAPOP 2012 survey respondents listed corruption as the country's biggest problem, behind crime (22%) and inflation and high prices (16%). The percentage of people listing corruption as the country's foremost problem increased by seven percent from the last survey in 2010.

among politicians than in the rest of society (Latinobarometer 2008).[62] The effects of perceived abuse of power by public office holders undermine the legitimacy of the democratic process and the functioning of party systems. The CEMIS scandal, which implicated a number of politicians across party ranks, emphasised the degree of abuse in the Panamanian system and the resulting perceptions of its citizens. Fewer Panamanian voters express public affinity with a political party, with 59% reporting no affinity to any party (Latinobarometer 2002). The disappointment with public abuse of office also influences voter participation in elections. Thirty-three percent of Panamanian voters abstained from voting due to dislike or distrust of politicians competing in elections (Latinobarometer 2002)

In addition to perceiving corruption as a major problem, one that voters don't believe is being addressed by their elected representatives, voters display low tolerance for corruption in general. On an individual level, Panamanians are not prepared to endure corruption: 88% disagree that it is sometimes justified to pay a bribe (LAPOP 2010), with that number increasing to 92% in 2012 (LAPOP 2012), and 73% believe it unjustifiable to accept a bribe (Latinobarometer 2007). The country's citizens also exhibit low tolerance for corruption in government, with 70% of the Latinobarometer 2006 respondents disagreeing that it is acceptable for government officials to provide their relatives with work and 81% believing it inappropriate for government officials to extend favours to those individuals who politically support them. Panamanians also list corruption as the top reason that hinders improvement in the functioning of public institutions, with 32% subscribing to this view (Latinobarometer 2002). The combination of high levels of perceived corruption, the recognition that elected officials have done little to improve levels of corruption, and low tolerance for individual-

[62] Bureaucrats are similarly perceived to be more corrupt than average citizens in Panama, with 57% agreeing with the statement that over 60% of the civil service were corrupt (Latinobarometer 2005; 2008).

level and political corruption implies that attitudinal and cultural explanations are not the primary factor underlying the high levels of corruption in Panama.

Electoral System Effects on Political Corruption

Electoral systems have been singled out as another factor that has the potential to condition electoral accountability and levels of corruption. Electoral rules establish the conventions outlining access to political office and, as a consequence, are an important source of incentives guiding the behaviour of political actors. Because party system features also shape individual and collective political decisions, as well as condition voters' choices at the polls, party system and electoral features can potentially have confounding effects on corruption outcomes.

Recent scholarly literature diverges on the benefits of and impediments to accountability arising from existing types of electoral systems (Panizza 2001; Persson, Tabellini and Trebbi 2003; Manow 2005); however, it coalesces on the fact that the highest levels of accountability are found in systems with single member and small open-list districts (Kunicova and Rose-Ackerman 2005; Chang and Golden 2006). Single member districts provide voters with clarity in both identifying the policies for which their representative can be held to account and punishing or rewarding her for these policy outcomes. Single member districts provide an incentive for politicians to remain clean in office precisely because of the direct accountability link with voters, which can see politicians lose their seats if their electorate deems their policies and behaviour undesirable (Kunicova and Rose-Ackerman 2005). In both open-list and closed-list proportional representation systems, large electoral districts complicate voters' ability to identify politicians responsible for executing policies, as well as reduce their capacity to hold them to account. In large open-list districts candidates

have to cultivate a personal vote, as opposed to a party vote, which increases the need for politicians to distinguish themselves from their co-partisans, providing incentives for politicians to become corrupt as the cost of the individual campaign rises. Similarly, candidates from large open-list districts can more easily deflect blame than their counterparts in single member districts at re-election. In closed-list systems, rank-and-file candidates are provided with anonymity that prevents voters from identifying their responsibility for policies, while also preventing them from casting a retrospective vote.

Panama's mixed electoral system combines elements which have been found to be auspicious in promoting greater accountability. The country's small,[63] unicameral legislature is elected using two different electoral formulas. Twenty-six legislators are elected by plurality vote in single-member constituencies, while 45 parliamentarians are selected through an open-list proportional representation (PR) system in 13 multi-member districts. The average magnitude score for Panamanian districts is 1.8, resulting from the combination of single-member districts and dominantly small open list districts.[64] Panama's electoral system, therefore, enhances accountability and should not inhibit voters in holding their representatives to account.

Panama's mixed electoral formula enhances clarity of accountability for voters and provides them with clear mechanisms that enable them to punish malfeasance of their representatives. Yet, Panamanians repeatedly return to office politicians who are implicated in corruption claims. In the following sections, I probe the previously outlined expectation that the under-institutionalisation of the party system hinders voters' ability to hold politicians accused of corruption to account. Taking into consideration the multiplicity of choices within a complex

[63] In 2004, 79 representatives were elected to the National Assembly. In 2009, 71 representatives were elected.
[64] Open-list district magnitude ranges from 2 to 8.

party system framework, the expectation is that Panamanian politicians evade responsibility and escape electoral punishment as a result of limited information available to voters and complicated choices required of voters to oust corrupt politicians. Weak accountability mechanisms would make it possible for corrupt Panamanian incumbents not to choose to retire strategically, with parties re-listing corrupt candidates at the same rate as non-corrupt incumbents. Furthermore, corrupt incumbents would be expected to abuse the absence of effective electoral accountability by switching party affiliation to deflect blame and obscure responsibility.

Data

To test these expectations, I focus on information available to voters about alleged corruption activities of their representatives. Data availability shapes the choice to proceed in probing only one aspect of the broader concept of governmental corruption. As outlined in chapter 2, governmental corruption encompasses politicians' corrupt behaviour and their tolerance of corruption by others. At the time of writing, there exist no systematic quantitative datasets that would enable the measurement of either parameter of governmental corruption in Panama. Transparency International's Panamanian branch – *Fundacion para el Desarrollo de la Libertad Cuidadana*[65] – offers qualitative reviews of the country's levels of corruption but, unfortunately, provides little data to systematically test some of their observations.[66] Despite this lacuna, Panama's free press and comparatively extensive temporal scope of newspaper digital archives has enabled the construction of a brand new dataset (described in greater detail below), which allows me to probe how low levels of party system institutionalisation constrain voters in making meaningful decisions regarding corrupt politicians. Data

[65] http://www.libertadciudadana.org/proyectos.html
[66] I have not been able to locate any other data that would assist in measuring tolerance of corruption by politicians. Guevara Mann (2011) offers excellent qualitative information that touches on aspects of corruption in Panama, but it cannot be used to test the theory underlying this thesis.

collection for the second aspect of governmental corruption – the tolerance of corruption by politicians – is inherently more difficult. To test this part of my hypothesis, I would ideally require constituency level data on corruption levels – either through perceptions or experience – over several electoral cycles. The temporal scope would provide the means to test whether voters punish or reward politicians when levels of corruption increase or decrease over time. A dataset like this does not currently exist and it is beyond the scope of this dissertation to design and implement a survey that could potentially gauge this parameter of governmental corruption. For this reason, my empirical analysis in this chapter focuses only on malfeasance of politicians, though I hope to eventually be able to test the hypothesis more fully, as more relevant data becomes available. Here I investigate how politicians' rates of re-listment and re-election are affected when voters become aware of corruption allegations ahead of elections. To test these effects, I concentrate on a particular set of politicians, who have an intrinsic relationship with their parties – Panamanian National Assembly parliamentary deputies.

Panama features high levels of media freedom, an exception in the region (Reporters without Borders 2011), and the main national newspapers regularly feature reports on political corruption, with multiple stories on corruption scandals emerging in the post-military period.[67] News reports in Panama feature extensive coverage of potential cases of corruption, corruption scandals, governmental initiatives to tackle corruption and the consequent results of such programmes. Consequently, voters have access to regular updates on the malfeasant behaviour of their elected representatives, as well as the anti-corruption initiatives that are regularly launched in the run-up to elections.

[67] Several major corruption reports broke during the 1994-1999 presidential term, which was overseen by PRD president Ernesto Perez Balladares. Corruption scandals involving BANAICO, illegal issues of visas to Chinese migrants to enter the United States, Albrook and the Alizera Mobil Terminal were thoroughly covered in the press, implicating Balladares, members of his presidential administration, legislators and party members.

I test my expectations by focussing on media reports from two main national daily newspapers, *El Panama America* and *La Prensa*.[68] These daily newspapers serve as an important source of information to voters, frequently reporting on corruption and supplementing voters' knowledge on the behaviour of their legislators. *La Prensa*, one of Panama's largest daily broadsheets with a circulation of 65,000,[69] is regarded as an independent, non-partisan newspaper with a commitment to investigative journalism. *La Prensa's* reporting covers the entire political landscape, including investigations of malfeasance and tolerance of corruption by politicians from all of Panama's political parties. *El Panama America* is a Panama City-based business daily broadsheet with a circulation of 40,000.[70] *El Panama America* is regarded as a right-of-centre publication and, until 2010, was considered independent of government influence.[71] Limited digital access to newspaper archives allows me to examine only the 1999-2004 and 2004-2009 legislatures, extending my analysis to 147 legislators over two legislative periods.[72]

In constructing the measure of corruption allegations, I searched all articles that contained both the name of each legislator and the word 'corruption' during both legislative periods. I then analysed the content of the article to ensure its relevance to my investigation.[73] As part

[68] *El Panama America* allows access to digital archives as far as 1998, while *La Prensa* archives only allow access until 2000.
[69] http://corporativo.prensa.com/estados_financieros. Retrieved on 2 July 2011.
[70] http://www.encyclopedia.com/topic/Panama.aspx. Retrieved on 5 July 211
[71] In 2010, EPASA, the company that publishes *El Panama America*, was purchased by supporters of the current president, Ricardo Martinelli. This has led some to question the non-partisanship of the reporting. Nonetheless, the period under study here precedes the purchase of the newspaper and it appears that the digital archives remain intact.
[72] 71 legislators were elected in 1999 and 79 in 2004. Out of the combined 150 legislators, however, three had died – with their replacements selecting not to compete in the following elections.
[73] A simple *count* of stories featuring the legislator's name and the word 'corruption' would have proven meaningless for two reasons. Firstly, some of the articles feature links to other headlines, which can include the name of the legislator or the word 'corruption', with the link being irrelevant to the article itself. Secondly, because corruption is a salient issue in Panama, many of the legislators frequently engage in anti-corruption initiatives or take a stand for or against those who are accused of corrupt dealings. As such, content analysis was essential to ensure that every article indeed discussed allegations against a particular legislator.

of the analysis, I looked at several thousand newspaper articles, including only those where an allegation of corruption was made against the legislator[74] or where an investigation was opened against the legislator.[75] Corruption allegations are recorded as a dummy variable in all instances when a deputy is alleged to misuse her public office for personal or political gain. Overall, 390 articles from Panama fit the description, yielding an average of 5.7 stories per corruption allegation.[76] Over two legislative periods, *La Prensa* articles identify 33 incumbents associated with corruption, while 39 such incumbents are identified through articles in *El Panama America*. To mitigate potential political bias emerging from either paper's political leanings, I consider only those legislators that featured in corruption-associated stories in both newspapers. This overlap in reports is high between the two papers, with 30 legislators (21% of all incumbents) being reported as taking part in corrupt activities during the 1999-2009 time period.

Analysis and Results

In examining the effects of accountability on the political fortunes of Panamanian legislators, I explore how corruption allegations affect politicians' strategic retirement choices, relisting opportunities and electoral fates when they face their voters and to what extent these choices are conditioned by the under-institutionalisation of the Panamanian party system. When incumbents anticipate electoral vulnerability they may choose to strategically retire in order to avoid defeat. Public allegations of corruption taint legislators' reputations, leading them to consider voluntary withdrawal to mitigate the negative electoral outcome (Welch and

[74] I also consider articles that repeat the allegation and, thus, highlight the politician's involvement. The most illustrative case for this is Carlos Afu, whose involvement in the CEMIS affair was covered almost daily for several months.

[75] News stories with ambiguous and unsubstantiated claims were excluded from the analysis. For example, an *El Panama America* article from 5 April 2001 discusses allegations of nepotism against the PRD party in the province of Veraguas, mentioning legislators Ruben de Leon and Freddy Torres. Torres and de Leon are said to have made recommendations for appointments to the provincial governmental. However, it is unclear from the article in what way this constitutes corruption, so this article is excluded from the dataset.

[76] The number of corruption articles per politician ranged from a minimum of 1 to a maximum of 40.

Hibbing 1997; Pereira, Renno and Samuels 2008). In an effort to stem adverse electoral consequences, political parties may also strategically prevent corrupt candidates from re-listing and running on their party platform (Kiewiet and Zeng 1993; Chang, Golden and Hill 2010). The examination of incumbents' re-listing choices comprises the first part of my empirical investigation. I also consider the electoral fates of those deputies who attempt re-election to determine whether deputies with corruption allegations against them are less likely to be re-elected. Re-listing, which represents the politician's party confidence in her, and re-election, which reflects her constituency's support, comprise two formidable obstacles that the incumbent must overcome to re-secure her position in the assembly. Panamanian legislative incumbents are far from guaranteed that they will be re-listed by the party; in fact, from the 147 Panamanian incumbents in the 2004 and 2009 elections, 32 (22%) failed to relist. Re-election is an even greater challenge with 114 of those incumbents who ran again 59 (52%) failing to regain their seat.

Effects of Corruption Allegations on Relisting[77]

The under-institutionalised Panamanian party system presents the country's legislative incumbents with three choices at the re-listing stage: a) attempt to relist with their old party; b) switch their party and attempt re-listment under a new label; or c) retire. In the following section, I empirically demonstrate that politicians accused of corruption were just as likely to relist as their non-corrupt counterparts. However, a high proportion of re-listing for such politicians occurred under a new party label.

I analyse re-listing data using a multinomial logistic regression model due to the categorical nature of the dependent variable. Multinomial logistic regression is normally used when a

[77] The results presented in this section draw on joint work with Dr. Petra Schleiter.

discrete-choice variable has more than two values. My modelling strategy compares each value of the dependent variable (politicians who did not relist and politicians who relisted under a new party) to the baseline value, which in this case comprises incumbents who relisted with their previous party. Allegations of corruption, derived from cross-checked media reports described above, serve as the core explanatory variable. Because of the limited number of available observations, I construct a parsimonious model of re-listment probabilities.[78] The literature on political career decisions of US, UK and Italian legislators guides the selection of control variables used in the multivariate analysis (Kiewiet and Zeng 1993; Moore and Hibbing 1998; Thireault 1998; Chang, Golden and Hill 2010; Eggers and Fisher 2011). These include legislators' membership in a core governing party[79] and their level of electoral support in the previous election (captured by the lagged number of votes that the legislator secured in the previous election).[80] Because every government since Panama's democratisation was affected by a major corruption scandal, I consider legislators' membership in the core governing party. With this measure I probe whether politicians' expectations that voters will punish them for membership in a party implicated in alleged corruption affect their decision to re-list or to re-list under a different party label. I include the legislator's level of support as a measure of her popularity in the previous election. I anticipate that a higher level of support in the previous election should improve the probability that the legislator will re-list. The parties of fourteen incumbents (10% of legislators in 2004 and 2009) ceased to exist between elections. As their relisting choices are

[78] Other model specifications controlled for seniority (number of cumulative terms served in the legislature) and gender. Due to the small size of the sample, I've excluded these from the final model as they showed not to have a significant effect.

[79] Core membership in a governing coalition is recorded for the party that holds the largest number of legislative seats vis-à-vis its coalition partners. In Panama, core government membership alternates between the PRD and PPAN.

[80] Empirical analysis investigating politicians' re-listment choices normally includes a control for age. Information on Panamanian legislators' ages is not publicly available and requests for information have unfortunately been fruitless, resulting in the inability to include age as a control.

likely to have been guided by different considerations than hypothesised in this section, I exclude them from the empirical analysis.

Table 4.5: Multinomial Logit Analysis of Corruption Allegations and Relistment

	(1)	(2)	(3)	(4)
	Not Relisted		Relisted after Party Switch	
	Coeffiecient (std. err)	Risk Ratio (std. err.)	Coeffiecient (std. err)	Risk Ratio (std. err.)
Corruption Allegation	0.269	1.308	1.564***	4.779***
	(0.557)	(0.728)	(0.590)	(2.817)
Votes (thousands) lagged	-0.0643**	0.938**	-0.0400	0.961
	(0.0314)	(0.0294)	(0.0467)	(0.0449)
Core Gov't Party Member (lagged)	0.635	1.886	-1.146	0.318
	(0.464)	(0.875)	(0.740)	(0.235)
Constant	-0.584	0.558	-1.226**	0.294**
	(0.441)	(0.246)	(0.602)	(0.177)
Observations	130	130	130	130

Baseline category 'Relisted without Party Switch', *** p<0.01, ** p<0.05, * p<0.1, all tests are two-tailed.
Note: deputies whose parties exited were excluded from the analysis.

Table 4.5 reports the coefficient estimates and corresponding relative risk ratios[81] for candidates who didn't relist (columns 1 and 2) and candidates who relisted under a different party label (columns 3 and 4), as compared to the omitted baseline category of legislators who relisted with their old party. The findings demonstrate that corruption allegations have no significant effect on expected retirement rates between candidates who did not relist and those who relisted with the party that they ran with in the previous election. Membership in the core governing party also has no significant effect on politicians who do not relist. The candidates who failed to relist, however, are differentiated from their colleagues by the amount of previous electoral support, which is captured by their lagged votes in the previous election. The odds of relisting are reduced by 6.4% for every one-thousand vote decrement.

[81] Relative risk ratios are obtained by exponentiating the multinomial logit coefficients (e^{coef}). They are easier to interpret than coefficients, as they refer to the odds ratio rather than the log of the odds.

The findings differ sharply for legislators who chose to re-list with a new party. These incumbents are significantly differentiated from colleagues running under old party labels by corruption allegations. The odds that a politician who is accused of corruption will run under a new party label are 4.8 times higher than her making the choice to run under her old party label. Other control variables, however, did not have a significant effect on the probability of relisting with a different party.

These findings closely reflect the expectations outlined in this chapter: corruption allegations do not raise the risk of strategic retirement for Panamanian incumbents, but they significantly influence the probability that an incumbent legislator will switch parties when relisting for the next election. By switching parties, the incumbent essentially obfuscates the lines of responsibility, potentially enhancing the probability that he will escape electoral punishment under the new label because voters' electoral choices have been destabilised. Re-listment under different party labels muddles voters' choices as they consider the reputations of individual incumbents, parties and party alliances. The fact that parties offer their labels to tainted incumbents suggests that they do not perceive the adoption of such legislators as electorally problematic. Out of the 114 incumbents that were relisted, 17 incumbents (15%) changed their party label.[82] In the next section, I investigate the extent to which voters can differentiate between clean and malfeasant politicians when casting their vote.

Effects of Corruption Allegations on Re-Election

In assessing how re-election chances of Panamanian incumbents are affected by corruption allegations, I again consider three possible outcomes for legislators re-contesting their seats: a) re-election under the label of the old party; b) re-election using a new party label; or c)

[82] The fourteen candidates whose parties ceased to exist between elections are excluded from this number. If they were to be included, then the party switching rate would go up to 27%.

failure to get re-elected. As with the re-listing model, I use multinomial logit regression to analyse the probabilities of these discrete outcomes. My control variables include the legislator's membership in the core governing party and her level of electoral support in the previous election, recorded as lagged votes from the previous election. I also control for district magnitude, as it can affect the effective electoral threshold, and also use a dummy variable that establishes whether the legislator's party has changed electoral alliances since the previous election.[83]

Table 4.6: Multinomial Logit Analysis of Corruption Allegations and Reelection

	(1)	(2)	(3)	(4)
	Not Re-elected		Re-elected after Party Switch	
	Coeffiecient (std. err)	Risk Ratio (std. err.)	Coeffiecient (std. err)	Risk Ratio (std. err.)
Corruption Allegation	0.124	1.132	-0.279	0.756
	(0.520)	(0.588)	(0.926)	(0.700)
Alliance Change	0.614	1.847	2.442***	11.49***
	(0.759)	(1.402)	(0.837)	(9.622)
Core Gov't Party Member (lagged)	0.874*	2.396*	-0.764	0.466
	(0.508)	(1.216)	(1.013)	(0.472)
Votes (thousands) lagged	-0.0752*	0.928*	0.00291	1.003
	(0.0388)	(0.0360)	(0.0331)	(0.0331)
District Magnitude	0.0675	1.070	-0.0277	0.973
	(0.141)	(0.151)	(0.166)	(0.162)
Constant	0.761*	2.140*	-1.406*	0.245*
	(0.428)	(0.915)	(0.722)	(0.177)
Observations	114	114	114	114

Baseline category "Re-elected without Party Switch", *** p<0.01, ** p<0.05, * p<0.1, all tests are two-tailed.

[83] Empirical analysis investigating politicians' re-election probabilities normally includes controls for age, wealth and education. As described earlier, there is no public information on Panamanian politicians' age. I was unable to test the effects of wealth due to Panamanian legislation that does not mandate public access to information of public officials' asset disclosures. Lastly, I am prevented from including education as a control because, again, this data is not publicly disclosed. While I was able to collect partial information on some politicians in the legislature who made this information available through their private websites, I could not get this data, even with the help of the Panamanian electoral commission's librarian, for the majority of individuals under study in this chapter.

Table 4.6 presents the coefficients and relative risk ratios for legislators that failed to secure re-election (columns 1 and 2) and those who secured re-election after switching parties (columns 3 and 4), compared to the omitted baseline category of candidates who were re-elected under the label of their old party. These results suggest that corruption allegations do not significantly differentiate the re-election fortunes of either incumbents who failed to secure re-election or incumbents who were re-elected under a different party label from the baseline category of incumbents who retained their party identification. In other words, Panamanian voters fail to punish malfeasant politicians during elections. Other variables, such as electoral support and membership in the core governing party, significantly affect (at the 10% cutoff) the electoral fortunes of candidates who failed to re-secure their seat, when compared to their counterparts who secured the seat under the old party label. For every 1,000 vote reduction in the votes in the previous election, the odds of re-election dropped by a factor of 0.9. Membership in the core governing party significantly decreased the likelihood of re-election by a factor of 2.4, suggesting a negative incumbency effect. This is in line with my expectation that voters in Panama regularly punish incumbent governments, as each government has been embroiled in a corruption scandal since the start of democratic elections. Other control variables do not significantly differentiate between these two categories. The only factor differentiating politicians who ran under a different party label from those who didn't was the change in party alliance by the new party. As a consequence of switching to a new party, which then changed its party alliance, these incumbents raised the likelihood of their election by the factor of 11.5.

These results imply that Panama's under-institutionalised party system does in fact have an effect on voters' electoral choices. The inchoate party system, which enables politicians facing corruption allegations to switch parties and obscure responsibility, destabilises voters'

choices at the polls. Panamanian politician can evade responsibility and consequent punishment for their malfeasance due to the complexity of electoral decisions facing voters at the polls. As a consequence of the country's fluid system, when Panamanian voters go to the polls, they face a multiplicity of choices that require them to weight the benefits and caveats of voting for their preferred party, party alliance or politician. The ability of politicians and parties to repackage individual candidacy bids by means of switching parties and party alliances, which allows politicians to distance themselves from involvement in corruption, prevents voters from making meaningful choices even when they are aware of an individual's involvement in alleged acts of corruption.

Discussion on Endogeneity and Direction of Causality

Although I have already shown that cultural tolerance for corruption and the Panamanian electoral system are not likely potential alternative mechanisms that could explain these empirical results, are there perhaps other processes that could condition these outcomes? One potential explanation for voters' re-election of corrupt politicians could be the fact that corrupt politicians offer better constituency service or have the capacity to use the proceeds of their corrupt actions to buy electoral support, thus avoiding punishment at the polls. Anecdotal evidence from Panama suggests that in some instances legislators' constituency service and electoral clienteles contribute to the electoral success of corrupt incumbents (Guevara Mann 2000; 2011). My argument is that these candidates' success derives to a great extent from Panama's under-institutionalised party system, which enhances informational asymmetry and co-ordination problems for voters, as well as gives rise to moral hazard. As the above empirical findings suggest, corrupt Panamanian legislators exploit moral hazard and co-ordination failures among voters by switching party labels, ostensibly obscuring responsibility. This becomes apparent in the divergent relisting strategies of candidates who

are accused of corruption and their non-corrupt colleagues. These relisting strategies cannot be explained by the quality of constituency service or the presence of electoral clienteles.

The direction of causality between party system institutionalisation and governmental corruption is another important concern when considering Panama. Is it the case that corruption in Panama leads to party system under-institutionalisation as much as the country's inchoate party system provides the context for corruption to persist? In the short term, corruption can clearly motivate politicians to limit the scope of their accountability by using strategies like party switching. However, party switching can only be a viable strategy that does not entail heavy political penalties in the context of a weak and under-institutionalised party system. The frequency of party formation and dissolution, the low average of parties and, consequently, relatively low levels of political investment by politicians in party careers – all features of an under-institutionalised party system – have long-running historical, social and institutional causes in Panama. Therefore, despite the fact that corrupt politicians in Panama are able to exploit opportunities created by the fluidity of the party system from election to election, the causes of the system's fluidity have much deeper roots and causes and, thus, cannot be explained with reference to corrupt motives of politicians during Panama's democratic period

Conclusion

This chapter tested the hypothesised links between party system institutionalisation and corruption. It focussed specifically on the effects of under-institutionalisation on voters' ability to identify malfeasant politicians and punish them and on politicians' incentives to reduce corruption and fulfil their delegative contract to the electorate.

The evidence presented in this chapter corroborates the findings of the large-N analysis in Chapter 3, suggesting that party system institutionalisation is in fact a robust determinant of electoral accountability where responsibility for alleged personal malfeasance is concerned. It also expands on the theoretical scope that was presented in Chapter 2, providing further analysis into how weak party system institutionalisation can condition voters' capacity to make effective choices at the polls and, thus, enhance the scope for governmental corruption.

This chapter established that under-institutionalised party systems, featuring young parities, high levels of electoral volatility, a high degree of party-switching and ephemeral electoral alliances, present voters not only with limited scope to apportion responsibility to parties and individual politicians, but also to punish those who have tolerated or engaged in corruption. Consequently, the fluidity of the party system magnifies agency problems for voters who are unable to institute effective political preferences, while politicians are provided with incentives to obscure accountability linkages.

In Panama, agency problems were initially magnified by the emergence of a number of new parties, combined with a repackaging of traditional parties, and later extended due to the fluidity of inter-party alliances. The combination of the fluidity of the Panamanian inter-party alliance system and the ease of switching party affiliations during public office tenure posed and continues to pose difficulty for voters in both identifying corrupt politicians and punishing them at elections. As a result, Panamanian legislators were able to abuse the power accorded to them through political office, assured that the weak institutionalisation structures of the party system would confound voters' ability to punish them.

Chapter Five

Party System Fragmentation: Uttar Pradesh, India

The theoretical hypotheses outlined in Chapter 2, which set out that high levels of party system fragmentation diminished electoral accountability and extended the latitude for corruption were confirmed by the empirical findings in Chapter 3. In establishing a correlation between party system fragmentation and corruption, these findings lent leverage to the hypothesis that agency problems increase for voters in party system contexts where access to information on the quality and behaviour of candidates is limited and where voters have limited choice at casting an effective vote.

To further probe the causal mechanisms underlying the relationship between political corruption and party system fragmentation, I investigate the effects of fragmentation in Uttar Pradesh, India's largest state. Since the 1980s, the Indian party system – and the party system in Uttar Pradesh – has undergone significant changes, gradually transforming to a highly fragmented party system. The changes in the party system had a transformational effect on the relationship between voters and politicians, as electoral accountability was eroded in contexts with extreme levels of competition.

This chapter is structured as follows: in the next section, I provide a brief review of party system fragmentation and its relationship to governmental corruption and accountability, setting out relevant expectations and mechanisms. The following section addresses the suitability of India as a case study and provides theoretical and empirical justifications for limiting the case study analysis to Uttar Pradesh, the country's biggest and most populous state. The historical section identifies patterns in India and Uttar Pradesh that underlie existing levels of party system fragmentation. The following section identifies a number of

indicators of fragmentation, underscoring their relevance to mechanisms that condition corruption. The empirical section probes the relationship between malfeasance and fragmentation by evaluating variation in 80 districts in Uttar Pradesh during the 2009 elections to the Indian Lok Sabha.[84] These results offer support for this study's overarching theoretical framework that high levels of fragmentation enhance agency problems – thus increasing the scope for corruption – by constraining voters' ability to effectively identify malfeasance and to punish such outcomes when they can be detected. The conclusion considers the findings of the chapter within the greater scope of this study and offers discussion for further research.

Party System Fragmentation, Accountability and Corruption

Democracies around the world sharply diverge on the levels of party system fragmentation. As set out in Chapter 2, party systems with moderate levels of fragmentation – those between two and four electoral parties (the range of fragmentation that in 2009 described the party systems in Japan, New Zealand, the United States and Uruguay) – are more likely to give rise to genuine electoral competitiveness, which informs voters and enhances their capacity to make meaningful choices at elections. This mitigation of agency problems for voters can be expected to improve electoral control of politicians, thus reducing the scope for governmental corruption (O'Dwyer 2004; Tavits 2007; Potter and Tavits 2011: 65). Conversely, parties with extraordinary levels of fragmentation, like Brazil and Peru,[85] offer voters a multitude of electoral choices, which frequently lack in institutional history – and thus informative cues for voters – and potentially obfuscate clarity of responsibility for legislative and governmental actions. This can restrict voters' ability to hold malfeasant or underperforming politicians to account.

[84] The Lok Sabha is the lower house of India's Parliament.
[85] In 2009, Brazil's effective number of electoral parties was 10.62 and Peru's was 7.31 (author's calculations).

Party system fragmentation influences electoral accountability by conditioning the quality of information available to voters in relation to their governments and the opposition, as well as by shaping the choices available to voters at the polls. Agency problems for voters are more likely to arise in party systems with extreme levels of fragmentation. Moderate fragmentation of the party systems improves accountability links, helping alleviate the latitude for corruption by virtue of structuring party competition in a way that enhances voters' informational cues regarding competing candidates and incumbents, and shaping their ability to differentiate between malfeasant or underperforming politicians and those who champion polices that curb corruption. As the party system continues to fragment, however, the benefits of increased competition are outweighed by the rise of agency problems as voters encounter higher information costs and increased difficulty in coordinating against the incumbent. Greater numbers of competing parties at elections raise the likelihood of adverse selection problems for voters, who encounter increased informational costs in assessing the performance of the incumbent and evaluating the potential of numerous challengers (Maeda 2010), increasing the likelihood that voters will elect politicians who may not be clean. The declining quality of information available to voters in turn affects voters' ability to effectively coordinate on the opposition selection (Kurer 2001). To successfully mount an electoral challenge, voters need to converge on a challenger or a coalition of challengers with the greatest likelihood of ousting the government (Ferejohn 1986: 22; Maeda 2010: 422). Highly fragmented systems, however, pose difficulties for voters in coordinating on a viable alternative against the incumbent, making the displacement of the incumbent more difficult (Kernell 1997). The opposition vote in highly fragmented party systems is likely to be split, as voters face a broad choice of challengers. The consequence of a fragmented vote reduces

the likelihood of replacing the incumbent even when voters broadly reject his policies and government.

High party system fragmentation can also enhance agency issues when many parties take up legislative seats or when parties share governmental responsibilities, such as governing in a coalition. Moral hazard can become accentuated in those situations where two or more parties share control of the government and attribution of responsibility for public policies and government actions are unclear. It is not the sharing of governing or legislative responsibility that enhances the risk of agency problems per se, but rather the presence of vague means of assigning responsibility for performance in public office. In other words, coalition governments in themselves do not necessarily inhibit accountability; however, when clarity of responsibility for government performance is ambiguous, informational asymmetries between voters and politicians increase, diminishing voters' ability to effectively attribute blame and punish underperforming politicians.

In summary, party systems with moderate levels of fragmentation are more likely to enhance genuine competition and diminish the probability of agency problems for voters than parties with high levels of fragmentation. Party systems where fragmentation is high exacerbate agency problems, in turn reducing electoral accountability and thus increasing the scope for governmental corruption. Informational asymmetries, specifically in highly fragmented environments, complicate voters' capacity to acquire relevant information on the performance of incumbents and the opposition and may lead to the failure to distinguish between clean politicians who fight to curb corruption and those who are either malfeasant or do nothing to reduce the polity's level of corruption.

Case Selection: India and Uttar Pradesh

The findings from the large-N analysis in Chapter 3 confirm the hypothesised relationship between party system fragmentation and corruption. To trace the causal mechanisms underlying this relationship, I again employ nested design, focussing on India, a country with high levels of party system fragmentation at both electoral and legislative levels and differential variation of fragmentation throughout its multiple districts. The sheer volume of electoral districts in India precludes me from evaluating the country as a whole and, instead, I focus my hypothesis-testing on one of India's states, Uttar Pradesh (UP), which, like India itself, features a representative variation of fragmentation across its constituencies. Below I outline my selection strategy for India and Uttar Pradesh.

India is one of the best predicted cases in the empirical model, which is confirmed by its low residual score (0.024). It is also representative of the larger quantitative sample, as is illustrated in Table 1, which reports India's party system fragmentation and corruption scores, as well as other party system feature and control indicators, alongside the mean and modal values of the large-N sample.

Table 5.1: India compared to Sample Mean (and Modal) Values

Variable	*Obs.*	*Sample Mean*	*Min*	*Max*	*India*
Corruption	91	0.37	-1.81	2.35	-0.34
Party Age	91	36.87	3.00	147.38	17.78
ENEP	90	5.13	1.68	51.45	6.80
ENPP	91	3.57	1.31	15.21	5.27
Governing Party Dominance	91	5.77	1	52	3.00
GDP (per capita)	91	3,604	143	42,066	427.09
Freedom House score	91	2.20	1	4.81	2.81
Decentralisation	91	Mode: 0	0	2	1
Presidential Power	91	Mode: 1	0	1	0
Electoral system	91	Mode: mixed			FPTP
Ethno-linguistic Fractionalisation	91	0.37	0.002	.879	0.4182

Source: Author's calculations, using empirical data from Chapter 3.

Table 5.1 reveals India's high fragmentation scores – with the effective number of electoral parties (ENEP) recorded at 6.80 and the effective number of parliamentary parties (ENPP) estimated at 5.27.[86] Both these measures exceed the sample's mean values of 5.13 for ENEP and 3.57 for ENPP respectively. Similarly, India's corruption score of -0.34 is well below the sample's average of 0.37.[87] Other variables, which have previously been identified as significant predictors of corruption, are in line with the sample's mean values (well within one standard deviation of the mean). The modal values do not match as precisely, but these have not been found to have a significant effect on corruption in previous research, as I outlined in Chapter 3. This collection of control variables enhances the ability to directly address the effects of party system fragmentation on corruption.[88]

While my thesis uses a broad definition of corruption – that includes both abuse of public office by politicians for private gain and the tolerance of such abuses by others – for reasons of data availability, I focus on malfeasance in this chapter. My initial approach envisioned testing the effect of party system fragmentation on the ability of Indian voters to punish corrupt candidates and incumbents across India's 543 national electoral districts.[89] In 2009, 8,070 politicians vied for legislative seats during India's most recent election to the Lok Sabha, the lower house of Parliament of India.[90] In order to test the hypothesised relationship in a district-level setting, corruption and personal data would have to be collected for each individual candidate, requiring the analysis of over 8,000 candidate affidavits. For feasibility

[86] The ENEP and ENPP scores are aggregate measures over the period of 1995-2002.
[87] Perceived corruption score from the World Bank World Governance Indicators (WGI) Control of Corruption, averaged over 2003-2009. The WGI score ranges from -2.5 (very corrupt) to 2.5 (low corruption).
[88] Notably, one of the major control indicators – GDP per capita – is in fact considerably below the mean value of the entire sample. The next section details how the focus on a single subnational entity, Uttar Pradesh, helps isolate the effects of fragmentation on corruption.
[89] The Lok Sabha in fact comprises 545 seats, but two of these are appointed.
[90] See Electoral Commission of India.
http://eci.nic.in/eci_main/archiveofge2009/Stats/VOLI/07_NoOfCandidatesPerConstituency.pdf.

and methodological reasons, I consider the electoral outcomes for Lok Sabha candidates in Uttar Pradesh (UP), India's most populous state – with a population of 200 million[91] – that accounts for 15% of the country' constituencies.[92] During the 2009 elections, 1,395 candidates competed for the Lok Sabha across 80 electoral districts.[93] This number represents 17% of the overall number of legislative competitors across India's national districts, significantly higher than the states with the second and third highest number of competing candidates – Tamil Nadu with 823 (10%) and Maharashtra with 817 (10%). The focus on outcomes from a single state mitigates issues of variation in forms, rules and political patterns that would be problematic in a cross-country comparison or a subnational comparison. The one state specification further helps overcome potential differences in historical cultures and institutional contexts. The comparison of district-level data within a framework with closely matched dimensions across social, political and economic dimensions helps focus on the mechanism under investigation.

The focus on Uttar Pradesh as a representation of the fragmentation in India as a whole is motivated by theoretical and empirical considerations. The patterns of fragmentation at the national level have been closely reflected in the development of fragmentation in Uttar Pradesh (detailed in the following section). As the Indian National Congress (INC) fractionalised internally, regional parties rose in number and importance, and social changes led to the politicisation of previously disenfranchised parts of society. These patterns remain

[91] If UP was a country, it would rank fifth in terms of population, above Brazil and Pakistan. http://upgov.nic.in/upstateglance.aspx. Retrieved on 22 July 2013.

[92] Originally, I hoped to employ a most similar systems focussed comparison of two Indian states. Two considerations prevented me from pursuing this particular research design. Firstly, it was not possible to find cases that matched closely on all control variables, but differed on the dependent and the independent variable. The diverse ethnic, economic and institutional considerations barred this design from being a feasible one. Secondly, the nature of the independent variable (corruption) was such that a state-wise comparison would have proven meaningless when comparing district-wise candidates. For these reasons, I proceeded with a single case analysis of Uttar Pradesh.

[93] http://eci.nic.in/eci_main/archiveofge2009/Stats/VOLI/07_NoOfCandidatesPerConstituency.pdf. Retrieved 23 November 2012.

today – the electoral process for the 2009 Lok Sabha showed that 7.60 effective electoral parties competed for votes across India,[94] while 4.91 such parties received votes in Uttar Pradesh.[95] UP is also a representative example of corruption trends in India. From an empirical perspective, in addition to the fact that UP facilitates the evaluation of 15% of national electoral districts and 17% of competing candidates during the 2009 elections, it also features representative intra-district variation with intermediate and high party system fragmentation, which allows me to effectively investigate whether fragmentation constrains voters' access to information regarding political candidates and inhibits their abilities to vote effectively.

The Fragmentation of the Indian Party System: Background

The modern levels of fragmentation of the Indian party system are not the result of one specific root cause. Instead, a confluence of institutional and social factors underlies the country's evolution from a one-party dominant party system to a fragmented one, where, since 1989, no single party has been able to achieve a parliamentary majority in the course of seven national elections. The political mobilisation and salience of caste politics since the 1980s (Chhibber 1999; Yadav 2000), combined with the breakdown of internal competition in the Congress Party (Kochanek 1987: 1286; Chhibber 1999) and the growing importance of regional politics (Sridharan 2005; Chakrabarty 2006; Nikolenyi 2008; Nikolenyi 2010), worked as the cross-cutting factors that led to social and political heterogeneity evident in modern Indian party politics (Sridharan 2010).

[94] Author's calculations using data collected from the Indian Electoral Commission: https://docs.google.com/viewer?url=http%3A%2F%2Feci.nic.in%2Feci_main%2Farchiveofge2009%2FStats%2FVOLI%2F12_PerformanceOfNationalParties.pdf; http://eci.nic.in/eci_main/archiveofge2009/Stats/VOLI/13_PerformanceOfStateParty.pdf; http://eci.nic.in/eci_main/archiveofge2009/Stats/VOLI/14_PerformanceOfRegistered_UnRecognisedParties.pdf. Retrieved 23 November 2012.

[95] The number for Uttar Pradesh is the aggregate number of effective parties. The votes are calculated for the state, rather than across districts.

Political parties in India first emerged in the context of local, self-governing institutions, such as district boards and municipal councils at the end of the 19th century (Singh and Saxena 2003). The organisations, dubbed 'micro-parties' by Gould (1994), transcended caste categories and focussed on political organisations. The nationalist movement for independence provided an important political context that facilitated the emergence of these organisations as political parties. The Indian National Congress, which first emerged as a major national movement vehicle in the run-up to independence, became the party of consensus in the early 1950s, absorbing an 'elaborate network of factions which provide[d] the chief competitive mechanism' (Kothari 1964: 1163). The internalisation of competition within the party allowed Congress to reduce the opposition's opportunities to gain political strength, with the party dominating the first three elections following independence (1952, 1957, 1962), while concurrently securing legislative majorities in all state assemblies in 1952-1962 (Kothari 1964; Chhibber 1999; Sridharan 2010).

INC's successful aggregation of federal and pluralist political and social bases proved a successful strategy until the mid-1960s, at which point the combination of internal party fractionalisation, de-linking of state elections and emergence of a salient new class of voters began to erode its electoral strength at both national and state levels.[96] Internal party dissent, and consequent splitting up of the party's factions into opposing political parties, is attributed largely to Indira Gandhi's centralisation policies (Brass 1994; Mehta 1997: 57). The centralisation of power at the top of the party apparatus inhibited the diversity previously enjoyed by various INC factions and gave impetus to the creation of new parties as vehicles

[96] The party's electoral vote share was first undermined during the 1963 national elections, in which it obtained 283 out of 520 (54%) seats, whilst also losing control of eight out of a total of 16 states (Sridharan 2010: 119). In 1977, the Janata Party, the opposition party that united various opposition factions, displaced Congress from government during national elections (Gowda and Sridharan 2007).

for the dissenting elites. The imposition of the state of emergency in 1975 and the suspension of internal organisational elections (from 1972 to 1992) gave further rise to growing frustrations of various political interests within Congress.

The catchall status of Congress was further undermined by the fact that the party was struggling to serve as a vehicle for articulating regional diversities and identities in political terms, giving rise to the emergence of region-based political parties. In 1971, state assembly elections were de-linked from general elections (Nikolenyi 2010), facilitating the enlargement of regional parties' support bases amid the decline of INC's national popularity and the marginalisation of the national opposition (Hasan 2010). De-linking of the two sets of elections established distinct electoral arenas, which paved the way for the growth of regional and state-based parties as viable contenders in subnational and national elections (Chhibber and Kollman 1998; Saez 2002). The consolidation of state-level parties and their emergence on the national electoral scene served as one of the key driving forces of national party system's fragmentation.

The emergence and strengthening of opposition and regional parties was further supported by the downward political mobilisation of long-standing hierarchies of caste, religion and tribe (Mehta 1997; Yadav 2000), as a consequence of which previously dormant sections of the electorate – specifically, the intermediate and other backward caste[97] representatives from North India – asserted their political presence and rights. With the INC failing to incorporate and interpret the interests of these newly emerging social classes, three sectarian parties – the Samajwadi Party (SP), the Bharatiya Janata Party (BJP) and the Bahujan Samaj Party (BSP) – mobilised backward castes, which could not be accommodated by the INC (Pai 2013: 263).

[97] The Other Backward Classes (OBCs) is a constitutionally designated category for the lower to intermediate castes other than the Scheduled Castes and Tribes (SCs and STs), which belong to the fourth Varma (Shudras). OBCs comprise between 40 to 50 percent of the Indian population (Teitelbaum and Thachil 2010: 4).

The 1989 national elections served as the pivotal juncture in the transformation of the Indian party system, which was now characterised by 'shifts in party organisational strength and support bases at the state level in an increasing number of states, and in ... [its] changing patterns of social mobilisation' (Sridharan 2010: 120). The INC experienced a further reduction in its support base, with the BJP encroaching on its previous strongholds in Delhi, Rajasthan and Gujarat (Yadav 1999: 2395). Simultaneously, fragmentation increased as the result of the evolution of competition at the state and regional level, with the rise of electoral support for third parties, which were not large enough to secure significant numbers of seats, but nonetheless managed to cut into the vote share of either one or both of the main parties or alliances (Chhibber 1999; Yadav 1999; Chhibber and Nooruddin 2000).[98] The 'multiple bipolarity' at the state level contributed to party system fragmentation at the national level by creating incentives for the weaker of the two leading parties in various states to ally with the emerging third party, normally the regional party,[99] typically facing the Congress as its principal opponent (Sridharan 2010: 128).

The fragmentation of the regional and national parties necessitated the formation of pre- and post-electoral coalitions on the basis of spatial compatibility (Gowda and Sridharan 2007).[100] The success of the BJP in the 1998 and 1999 elections has in part resulted from the fact that it has built its coalitions on the basis of spatial considerations, including regional parties from

[98] In Assam, Orissa, Goa, West Bengal, Manipur and Arunachal Pradesh, the BJP was the intercutting third party. The Bahujan Samaj Party (BSP) served a similar role in Punjab, Uttar Pradesh and Madhya Pradesh (Yadav 1999; Chhibber and Nooruddin 2000).

[99] The political formations that are deemed as 'national' parties by the election Commission of India are effectively confined to one or a few states in terms of electoral and legislative strength (Singh and Saxena 2003).

[100] The first coalition known as the National Front included the Janata Dal, which represented a number of North Indian states, as well as the Dravida Munnetra Kazhagam from Tamil Nadu, Telugu Desam Party from Andhra Pradesh, the Asom Gana Parishad from Assam and the socialist Indian Congress. These parties were joined by the Left Front and the Bharatiya Janata Party. Following the 1996 elections, Janata Dal, the Samajwadi Party, the Dravida Munnetra Kazhagam, Telugu Desam Party, Asom Gana Parishad, the All India Indira Congress, four Left Front parties, the Tamil Maanila Congress, the National Conference and the Maharashtrawadi Gomantak Party formed a 13-party alliance that became known as the United Front.

the south and the east, reducing its focus on its Hindu-nationalist drive (Yadav 1999). The Congress-led United Progressive Alliance, founded post-election in 2004, and the BJP-led thirteen-party National Democratic Alliance, formed in 1998, have dominated Indian politics and have altered the nature of the party system. The non-ideological nature of the coalitions provides little incentive for parties to stick together, as they tend to serve as short-term strategic arrangements, designed to benefit leaders and candidates intent on securing office. As a result of the gradual erosion of ideological labels, politicians have been able to easily transfer membership in alliances and parties, unconcerned by the ideological baggage resulting from their new association.

Party system fragmentation in India arose as a consequence of a gradual and simultaneous breakdown of internal competition within the INC, the introduction and consolidation of regional and state parties and the emergence of previously disenfranchised sections of voters. These changing features of the party system landscape contributed to the decline of INC dominance and the rise of new salient political actors that offered representation voters, emerging from the changing social fabric of Indian society.

Party System Fragmentation in Uttar Pradesh: Background

The significant changes to the party system fabric witnessed at the national level in India were mirrored to a great extent in Uttar Pradesh, whose party system emerged as one of the most fragmented in the 1990s and 2000s (Singh 1993; Mehta 1997; Verma 2004; Pai 2007). Since the late 1980s, the UP party system endured the collapse of single-party dominance and witnessed the emergence of social movements that challenged the dominance of upper castes, as well as the rise of regional parties which employed caste and communal identities, all leading to the fragmentation of the state's party system (Schwecke 2003: 2; Pai 2013: 261).

The forces underlying the fragmentation of national party politics became prevalent somewhat later in UP, where the INC retained its dominance up to the 1991 national elections. However, the late onset of these processes was surpassed by their rapidity. During the 1970s and 1980s, new socio-political movements, such as the Jan Sangh (JS), Bhartiya Kranti Dal (BKD) and the Republican Party of India (RPI), emerged as challengers to the then-dominant INC, which had retained a stronghold in the state since the 1920s (Hasan 1994: 84; Pai 2013: 262). However, because these parties failed to monopolise on the growing discontent of mobilising lower castes, the INC managed to employ its techniques of cooptation and accommodation of different castes, classes and communities to retain power in the state (Hasan 1994). Yet, the 1980s witnessed a democratic upsurge that saw a significant rise in the political participation of lower social groups, as members of backward castes began to challenge established patterns of political hegemony (Yadav 2000). Small castes emerged as major political forces, compelling political parties to provide a space for this new electoral discourse (Tiwari 2007: 137). In UP, the BSP and the SP emerged as the representatives of rising backward and SC groups, while BJP pioneered Hindutva politics[101] (Pai 2013: 264). Eventually the salience of caste politics would see the majority of the regional parties contesting for the support of the backward castes (Pai 1993). The relentless pursuit of political mobilisation on the basis of identity and religion has led to a proliferation of parties in a post-INC UP polity, with parties emerging as results of splits, whilst also welcoming new actors (Pai 2002: 1335).[102]

[101] Hindutva politics comprises the set of political movements that pursue Hindu nationalism.
[102] Ironically, there is no correlation between caste and voting patterns in UP (Pai 2013: 263), which means that the intense factionalism in UP parties and the resulting fragmentation paradoxically do not effectively reflect the interest of the newly politicised case- and religion-based identities.

The transformation of the party system in UP served as the prime example of the national fragmentation crisis enveloping the Indian national party system and the epicentre of the important struggles of lower castes to gain representation. The impact of identity and caste politics was an important factor in overseeing the decline of the INC in the state, as well as motivating the internal party organisation structure of the regional parties and the state party system as a whole. The factional divisions and the increasing fragmentation of the UP party system were a response to the rise of these prominent new political classes, as well as the rising importance of state issues at the national level.

Party System Fragmentation in India and Uttar Pradesh

The transformative events taking place within the Indian party system that ultimately led to its fragmentation are observable through a number of indicators, which include a rising number of effective number of electoral parties (ENEP) and effective number of parliamentary parties (ENPP),[103] increasing overall number of state and regional parties and the number of registered parties, and the fluctuations within the membership of nationally recognised parties.

As discussed earlier in this chapter, the effective number of electoral and parliamentary parties serves as one of the most established measurements of party system fragmentation. Table 5.2 lists the number of effective number of parties by seats (ENPP) and by votes (ENEP) in India and Uttar Pradesh[104] from the first national election since independence in 1952 to the latest one in 2009. It also provides information on parties forming the government and whether they achieved it as a majority, minority or coalition government.

[103] ENEP and ENPP are measured using the Laakso and Taagepera (1976) index: $N = \frac{1}{\sum_{i=1}^{n} p_i^2}$ where n is the number of parties with at least one vote/seat and p_i is the party's proportion of all votes or seats.
[104] I use state-wise, rather than constituency-wise, measurement of ENEP and ENPP.

Table 5.2. Effective Number of Parties in Indian National Elections: Country and UP

Lok Sabha No	Election	By seats[105]		By votes		National government formed by
		India	UP	India	UP	
1	1952	1.7	1.1	4.5	3.1	INC
2	1957	1.7	1.5	4.0	3.8	INC
3	1962	1.9	1.9	4.4	4.7	INC
4	1967	3.1	2.9	5.2	5.6	INC
5	1971	2.1	1.4	5.2	3.5	INC
6	1977	2.6	1	3.4	1.9	Janata Party
7	1980	2.3	2.1	4.2	3.7	INC
8	1984	1.7	1.1	3.8	3.0	INC
9	1989	4.1	2.2	4.8	4.0	National Front coalition
10	1991	3.6	2.3	5.1	4.8	INC (minority govt)
11	1996	5.8	2.4	7.1	4.7	United Front coalition
12	1998	5.4	2.0	6.9	3.8	BJP-led coalition
13	1999	6.1	4.0	6.7	4.8	BJP-led coalition
14	2004	6.5	3.6	7.6	5.0	INC-led coalition
15	2009	5.0	4.3	7.7	4.9	INC-led coalition

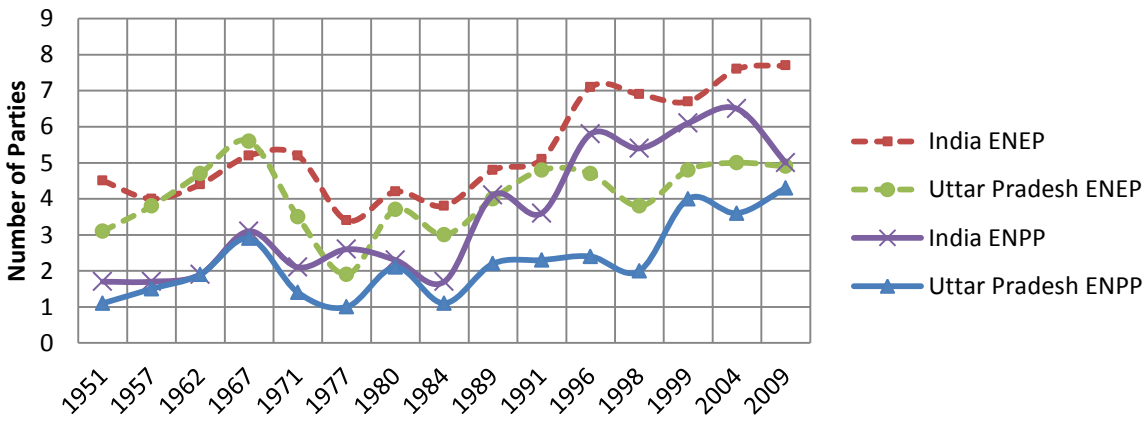
Source: National elections: Diwakar (2010: 481) and Gallagher (2012) for 2009 national elections. UP elections: author's calculations using state-wise data.

As Table 5.2 demonstrates, at the national level, the effective number of parliamentary parties increased from less than two in the 1950s and the early 1960s to over five starting with the 1996 elections. The increase in the number of parties occupying seats in parliament meant that no single party could form a majority government. It appears that whenever the number of effective parliamentary parties exceeded four (in 1989, 1996, 1998, 1999, 2004 and 2009), a coalition was formed. In 1991, the INC was able to form a minority government, with the number of effective parliamentary parties slightly under at 3.6. As outlined in the previous section, the electoral weakening of the INC, coupled with salient challenges from regional parties, transformed the national party system. The ENPP patterns in UP align with the trends seen at the national level. The nature of the FPTP system can be seen to have an effect here, as fragmentation is muted at the parliamentary level. Despite the effect of the FPTP, the ENPP gradually increased, reaching a zenith in 2009 at 4.3 effective parliamentary parties being selected at the state level to the Lok Sabha.

[105] Until 1967 elections, there were 86 seats in UP. The districts were redrawn before the 2004 elections. Up until 2004, there were 85 electoral districts in UP. Following 2009, there are 80 districts.

Table 5.2 and Figure 5.1 chart the evolution of the effective number of electoral parties, which is predictably higher than the ENPP for both India and Uttar Pradesh, but it also shows an increased number of parties competing for the share of the vote, with 1989 elections again demarcating a point where the increase gained prominence nationally and in Uttar Pradesh. The latest national elections in 2009 show the highest number of effective parties competing at electoral level to date. The comparison between the fragmentation of effective electoral parties between India and Uttar Pradesh reveals that while the pattern of fragmentation between the two units is closely related from the 1980s, in the 1960s Uttar Pradesh seems to have had higher levels of ENEP (and in fact, appears to be slightly more fragmented than current numbers). This unusual spike is in part related to the large number of independent candidates competing, but also to the beginning of the decline of the INC in the state (Brass 1969).

Figure 5.1. ENEP and ENPP for India and Uttar Pradesh, 1951-2009



As previously described, much of the fragmentation in India derives its roots from competition of state parties in national elections. The initial bifurcation of party competition

at state level across the majority of Indian states eventually gave rise to much more rapid fragmentation. While the ENEP and ENPP serve as important measurements that capture the overall trend of the system's fragmentation, in India's case, we must also consider the origin of the fragmentation. Table 5.3 presents information on the number of parties that have been recognised by the Election Commission of India as nationally or state recognised parties, listing them for the country as a whole and for Uttar Pradesh.[106] The table also presents the trend in the growth of registered (unrecognised) parties from 1952 to 2009.

[106] In order for a party to be recognised as a political party (national and state), it must have been:

> (A) engaged in political activity for a continuous period of five years; and [have], at the last general election in that State to the House of the People, or, as the case may be, to the Legislative Assembly of the State, returned – either (i) at least one member to the House of the People for every twenty-five members of that House or any fraction of that number from that State; or (ii) at least one member of the Legislative Assembly of that State for every thirty members of that Assembly or any fraction of that number;
> (B) that the total number of valid votes polled by all the contesting candidates set up by such party at the last general election in the State to the House of the People, or as the case may be, to the Legislative Assembly of the State, is not less than six per cent of the total number of valid votes polled by all the contesting candidates at such a general election in the State.

Parties are deemed as national by the Election Commission of India when the political party is recognised in four or more national states. If a party loses recognition in four or more states, it loses its status as a national party. A party is deemed as a state party if it is recognised in less than four states. http://eci.nic.in/eci_main1/RegisterationPoliticalParties.aspx. Retrieved on 11 December 2012.

Table 5.3. Number of National, State and Registered Parties in Indian National Elections

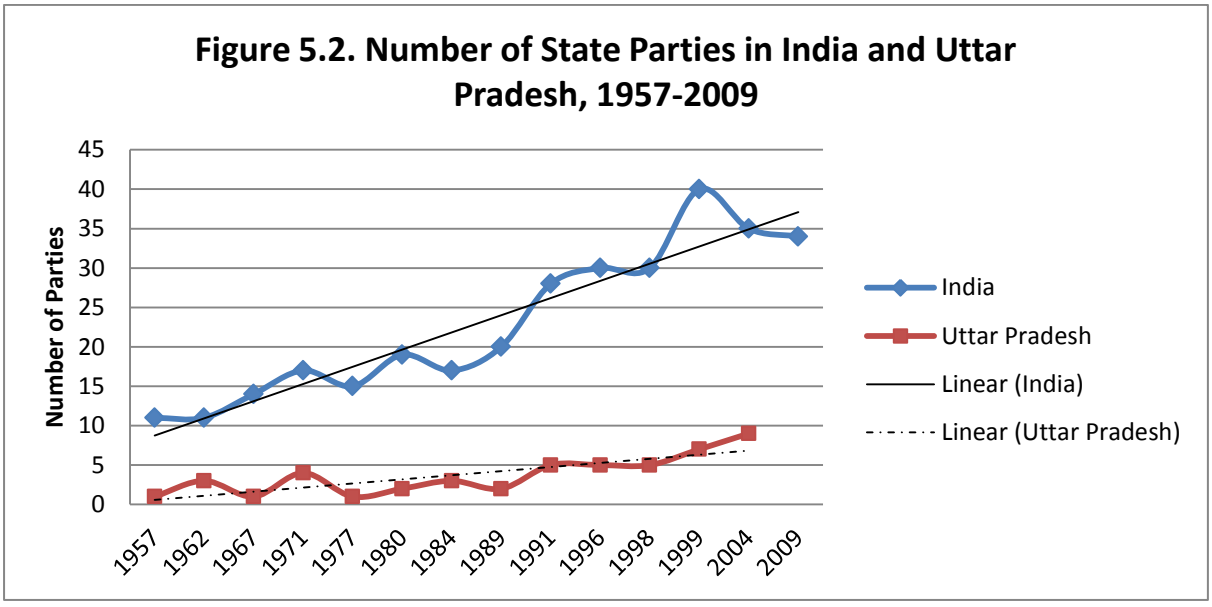
Lok Sabha No	Election	National Parties		State Parties		Registered (Unrecognised) Parties	
		India	UP	India	UP[107]	India	UP
1	1951	14	9	39	2	0	0
2	1957	4	4	11	1	0	0
3	1962	6	6	11	3	10	0
4	1967	7	7	14	1	4	0
5	1971	8	8	17	4	28	10
6	1977	5	4	15	1	14	5
7	1980	6	6	19	2	11	6
8	1984	7	6	17	3	9	1
9	1989	8	8	20	2	85	17
10	1991	9	8	28	5	109	27
11	1996	8	8	30	5	171	62
12	1998	7	7	30	5	139	54
13	1999	7	7	40	7	122	52
14	2004	6	6	35	9	188	61
15	2009	7	7	34		322	

Source: Election Commission of India, List of Political Parties Participated (1951-2009). Note: Independent candidates excluded.

Table 5.3 shows a high number of nationally and state recognised parties competing during the first post-independence election in 1951, though this number is much smaller at the state level in UP. But as Table 5.2 demonstrated, the INC managed to capture the plurality of the vote, as well as the control of the government. Excepting the first election, however, national parties appear to provide a level of stability in terms of electoral choice, with the number of national parties ranging from four to nine, and the average number of nationally recognised parties over 14 elections marked at 6.79 parties. As India's biggest state, UP closely reflects the number of national parties competing for national elections in the state.

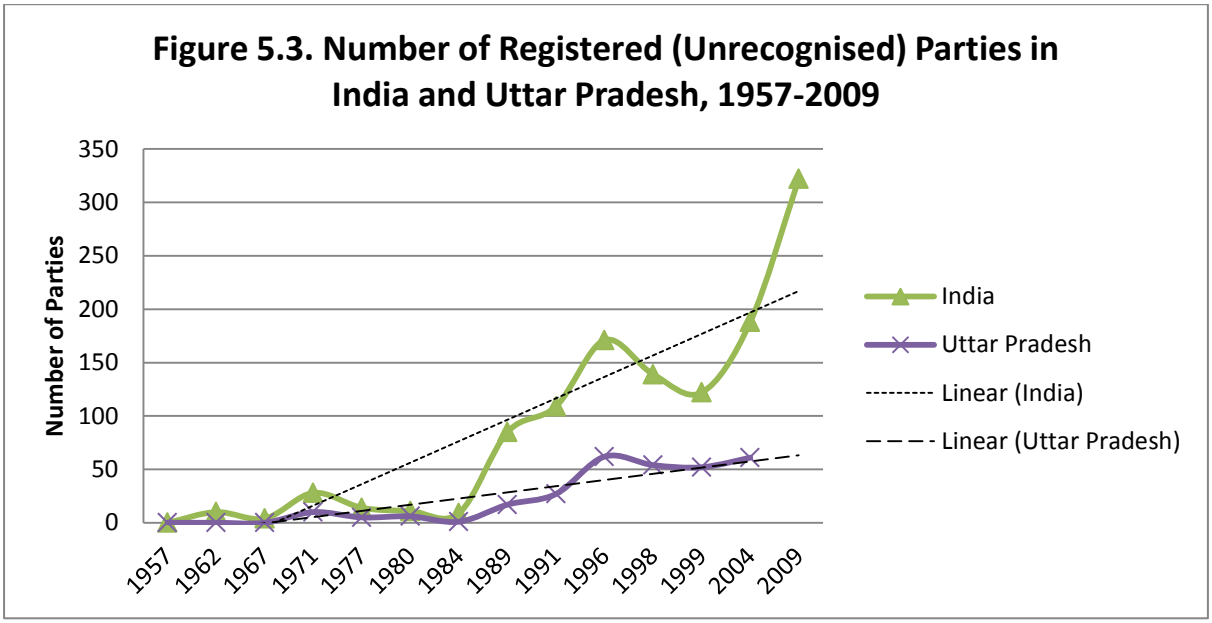
[107] The Election Commission of India did not provide state-wise information in relation to the 2009 elections, which prevents me from recording the number of state parties and unrecognised parties that competed during these elections. Inter-district data that I explore in the empirical section, however, indicates that the number of such parties continued to increase in 2009 in UP, just as it did at the national level.

While the number of nationally recognised parties remains relatively stable over time, the composition of the parties making up this section changes from year to year and is discussed below in relation to Table 5.4. Again, with the exception of the first election, state-recognised parties gradually gained in their number; with a more significant rise registering between the 1989 and 1991 elections and the 1998 and 1999 elections. This increase is reflected at the state level on this occasion, as the rise of regional and state parties in large states, for instance Uttar Pradesh, resulted in the rise of these parties on the national stage. The 2004 elections demonstrate that out of the 35 state parties competing at the national level, 9 (25%) had roots in Uttar Pradesh. Figure 5.2 below expresses the parallel rise of state parties across India and Uttar Pradesh.



The starkest story of fragmentation, however, emerges at the level of registered but unrecognised parties. The 1989 elections served as a watershed for the rise of such parties, with a change from 9 to 85 parties between two elections, representing an 844% increase. This fragmentation trend continued, with the largest number of registered parties to date competing in 2009. Figure 5.3 captures the meteoric rise in the number of registered parties

nationally, while also supporting the claim that the same patterns became prevalent in Uttar Pradesh, which began to experience fragmentation at the unrecognised party level from the 1989 elections. In the 2004 Lok Sabha elections, the number of unrecognised parties in UP – 61 – comprised 32% of the unrecognised parties at the national level.



Another means of gauging fragmentation of the Indian party system includes the consideration of changes to the membership of nationally and state recognised parties, as recognised by the Electoral Commission of India. In theory, Indian political parties exercise great control over their politicians through the Anti-Defection Law (1985), which prevents nationally or state elected deputies from voting against their party or defecting from it without penalty (often resulting in loss of the seat). The raised costs of formal defections for politicians have led to party splits and formation of smaller parties prior to elections, as politicians took advantage of an inbuilt loophole that allowed defections if they included more than one third of the entire party. As a result of frequent splits, mergers and further splits, national and state parties change from election to election. This is evident in the state

recognised parties, however, their volume is too large to list here, but Table 5.3 above gives some indication that at least the number of parties competing during each electoral cycle changes significantly. Table 5.4 lists nationally recognised parties competing during each electoral cycle for the Lok Sabha. While five national parties retain their national status from 1998 to 2009 (BJP, BSP, CPI, CPM, and INC), there are entries and exits of nationally recognised parties at every electoral cycle, reflecting the splits described above.

Table 5.4. Nationally recognised Indian parties competing for seats in the Lok Sabha[108]

Election year	Nationally recognised parties
2009	BJP, BSP, CPI, CPM, INC, NCP, RJD
2004	BJP, BSP, CPI, CPM, INC, NCP
1999	BJP, BSP, CPI, CPM, INC, JD(S) 1, JD(U)
1998	BJP, BSP, CPI, CPM, INC, JD, SAP
1996	AIIC(T), BJP, CPI, CPM, INC, JD, JP, SAP
1991	BJP, CPI, CPM, ICS(SCS), INC, JD, JD(S) 2, JP, LKD
1989	BJP, CPI, CPM, ICS(SCS), INC, JD, JNP(JP), LKD(B)
1984	BJP, CPI, CPM, ICS, INC, JNP, LKD
1980	CPI, CPM, INC(I), INC(U), JNP, JNP(S)
1977	BLD, CPI, CPM, INC, NCO
1971	BJS 1, CPI, CPM, INC, NCO, PSP, SSP, SWA
1967	BJS 1, CPI, CPM, INC, PSP, SSP, SWA
1962	CPI, INC, JS, PSP, SOC, SWA
1957	BJS 2, CPI, INC, PSP
1951	BJS 2, BPI, CPI, FBL(MG), FBL(RG), HMS, INC, KLP, KMPP, RCPI, RRP, RSP, SCF, SP

Source: Election Commission of India, List of Political Parties (1951-2009).

[108] See Appendix 1 for the names of parties.

The high levels of party system fragmentation, as captured by the rising levels of effective number of electoral and parliamentary parties, increases in the number of state-recognised and unrecognised parties, and the changing landscape of nationally competing parties in India increase probability that voters will face adverse selection and moral hazard problems during elections. The sheer number of parties competing at elections places an informational burden on voters, who must consider the performance of incumbents, as well as inform themselves regarding the quality of opposition candidates. For instance, some constituencies in Uttar Pradesh ran 26 party-affiliated candidates.[109] The frequency of party splits raises the informational costs further, with voters tasked to decide whether the new party represents the same policies and values as its previous iteration, or whether it now offers a different choice. The presence of so many challengers means that Indian political parties are fighting to survive, rather than fighting to represent their voters' interests. From the voters' perspective, the multiplicity of electoral options on offer results in limited information and raises the likelihood that they will select a non-clean candidate.

Moral hazard issues, which influence both access to information and eventual choice at the polls, arise as a result of two factors. As a consequence of fragmentation, coalition governments have become standard fare in India, with several parties forming the government during every electoral cycle. In the case of India, the presence of multiple coalition partners creates informational asymmetries for voters, as well as allows politicians to shift responsibility for corrupt policies or behaviour. As a result, voters' ability to assign blame and hold responsible those politicians that have either abused their office or tolerated corruption by others is diminished. The second issue comes about as a result of the

[109] In addition to the party-affiliated candidates, the majority of the districts had an even higher number of unaffiliated candidates.

multiplicity of available opposition choices, which complicate coordination by voters to displace malfeasant incumbents. To successfully challenge an incumbent, voters must converge on an opposition party or coalition which is most likely to displace the government (Ferejohn 1986: 22). Party systems with high levels of fragmentation enhance voters' co-ordination problems. The extremely broad choice of potential challengers in highly fragmented systems is likely to split the vote for the opposition, decreasing the probability that voters converge on one challenger. As noted above, fragmented systems raise the information requirements for voters in assessing their incumbents' performance and evaluating the potential of challengers. Kurer (2001) argues that information and co-ordination problems mutually reinforce each other because as the quality of information declines, so does the likelihood that voters will successfully converge on a challenger. Therefore, greater information failures and coordination issues in highly fragmented systems greatly diminish voters' capacity to punish malfeasance or governmental tolerance of corruption.

The 2009 Lok Sabha elections saw the INC retain its power in government, even increasing its electoral share in some regions, leading to claims that the Indian system was perhaps seeing the termination of the fragmentation that has been prevalent since the 1980s (Jaffrelot and Verniers 2009). However, as tables and figures in this section have shown, the 2009 national elections were in fact representative of the recent fragmentation trends, as Indian voters continue to support regional candidates (Jaffrelot and Verniers 2009). In fact, to some degree, the fragmentation trend continued to increase with over a hundred new parties

forming between 2004 and 2009 elections and 363 parties competing in the 2009 national elections (Election Commission of India 2009).[110]

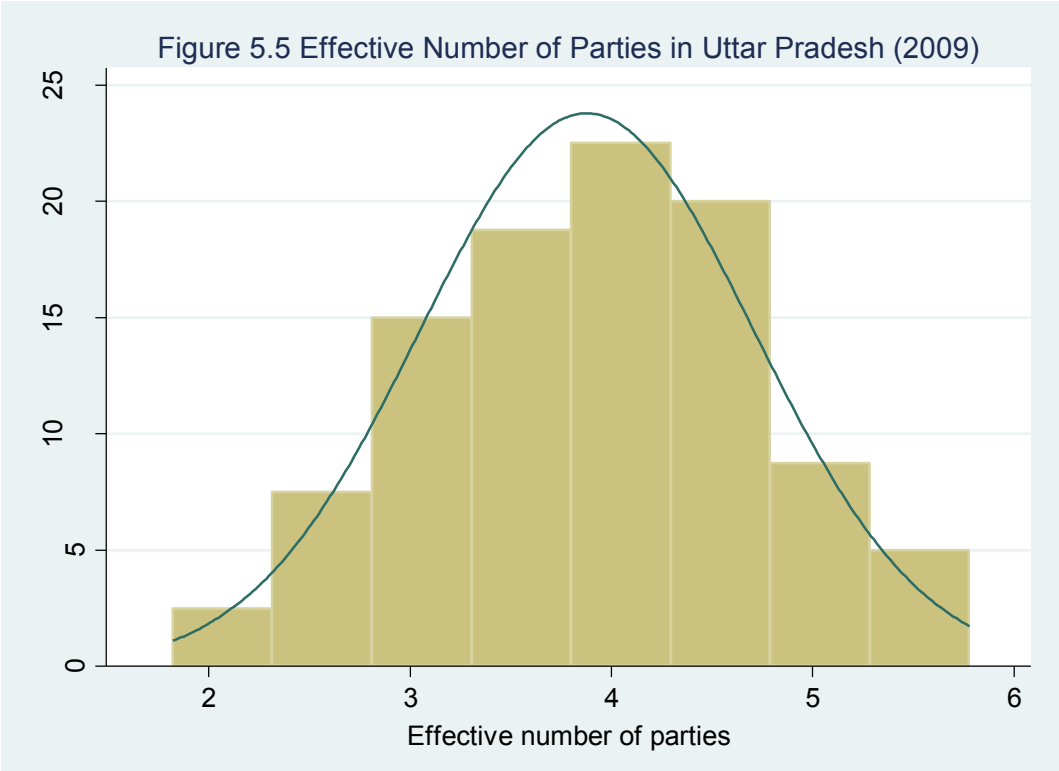
Econometric Specification and Data

To test the expectations outlined in the previous section, I use data drawn from affidavits submitted by candidates from Uttar Pradesh who contested the 2009 elections to the Lok Sabha to measure corruption among Indian political candidates. The individual politician is the unit of analysis. The benchmark statistical analysis includes 709 competing candidates from 80 districts. While 1,359 candidates contested the elections overall, I follow Vaishnav (2012) and Aidt, Golden and Tiwari (2012: 15-6) and exclude unaffiliated candidates from the analysis.[111] Unaffiliated candidates are excluded due to their limited political relevance in Indian politics. In 2009, 564 (40%) legislative candidates from Uttar Pradesh ran without support of any party, of which only 2 (2%) were successful in securing a seat, while on average, only 1% of independent candidates secured seats.

My dataset presents the opportunity to explore how fragmentation complicates voters' ability to identify malfeasant candidates by looking at constituency-level vote share. In order to achieve this, I split the sample into districts that have intermediate and high levels of fragmentation, as captured by the *effective number of parties* (ENEP).[112] In selecting the cut-off that separates the highly fragmented constituencies from moderately fragmented ones I

[110] Only seven parties were deemed national by the Election Commission of India, but many of the listed region-based parties enjoyed inter-state support.
[111] In total, 1,359 candidates from Uttar Pradesh competed for legislative seats in the Lok Sabha in 2009. Due to limited information on either education or wealth, only 1,181 both party-affiliated and unaffiliated candidates had complete data for all of them.
[112] Effective number of parties is calculated using the Laakso and Taagepera (1979) Index, as ENEP was captured in Chapter 3. When considering district-level ENEP, the vote share for each politician stands in as information to represent party vote share. All ENEP calculations for Uttar Pradesh were calculated by the author. Within the 80 districts of Uttar Pradesh, the lowest ENEP was recorded in the Rae Bareli district (1.82) and the highest in Gonda (5.78).

am guided by the state-wise indicators for fragmentation in Uttar Pradesh since 1991.[113] In the six elections starting in 1991 the average number of electoral parties in Uttar Pradesh elections to the Lok Sabha is 4.67, dipping below four parties only once. I use the benchmark of 4.5 effective number of electoral parties to differentiate highly and moderately fragmented districts.



Dependent Variable

Since I am interested in exploring how voters respond to tainted politicians, I employ candidate vote share as the dependent variable. Vote share data is obtained from the Election Commission of India.[114] The vote share takes the value between 0 and 1 and, as a result, is bounded to those limits. Because I employ an OLS regression model, which assumes that the

[113] I focus on national elections starting in 1991 largely because of the overwhelming consensus in the literature that the UP party system entered a phase of high party system fragmentation from this election forth (Wyatt 1999; Pai 2002; Jaffrelot and Verniers 2011).
[114] http://eci.nic.in/eci_main1/ElectionStatistics.aspx. Retrieved 5 January 2013.

dependent variable is unbounded, I transform the vote share variable by calculating the log odds ratio of each candidate's vote share.[115] The initial transformation of the variable into odds removes the upper limit of 1, while taking the natural logarithm of the odds removes the floor of zero.

Independent Variable

In 2003, the Indian Supreme Court ruled that every candidate competing in elections to the Lok Sabha, Rajya Sabha or state assembly must file an affidavit with the Electoral Commission of India, disclosing information on their education, assets and liabilities, and information of criminal charges and convictions (see Appendix 5.2 for example of affidavit). Criminality information from Indian affidavit data[116] has offered plentiful information and has, as a result, been used by a number of researchers since its first introduction (Chemin 2008; 2012; Aidt, Golden and Tiwari 2012; Banerjee et al 2012; Dutta and Gupta 2012; Vaishnav 2012). For my benchmark specifications,[117] I employ a narrow subset of criminality charges which most closely relate to corruption and are used to prosecute corruption in India. I consider the sections of the Indian Penal Code (IPC) that comprise relevant charges and include: 120A and 120B, which make up the charge of criminal conspiracy, and are used frequently in cases of political corruption; 161-171, sections which make up offences by or relating to public servants; and sections 378-462, which make up offences against property. The latter bundle of IPC sections is inclusive of theft; extortion; criminal misappropriation of

[115] The dependent variable is calculated as follows: $\log \frac{Voteshare_i}{1-Voteshare_i}$

[116] Affidavit information is available at the Election Commission of India website (the Commission provides scans of the original affidavits). I also used information provided by the Association for Democratic Reforms (ADR) on their website: http://myneta.info.

[117] As my analysis below shows, I also run models that include all criminality charges, as well as models that control for violent crime. The findings between the benchmark specifications and the more inclusive models are remarkably consistent, further lending leverage to the discussion of the validity of this measure.

property; criminal breach of trust; receiving stolen property; cheating; fraudulent deeds and disposition of property; mischief; criminal trespass.

Criminality is not the perfect substitute measure for corruption, as it includes a wide variety of criminal wrong-doing that departs from my definition that describes corruption as abuse of office for personal gain or tolerance of such abuse in the system. However, as described above, I narrow the focus of these charges to those relevant to corruption and proceed with this operationalisation for theoretical and empirical reasons. While the behaviour exhibited by corrupt and otherwise criminal candidates and incumbents may differ, the underlying reason for why these candidates are not suitable for public office is similar. A candidate's criminal or corrupt background speaks to the quality of this individual and sends signals to the electorate regarding her suitability for a political position. Presence of a criminal or corrupt charge may serve to indicate to the voter that the candidate does not subscribe to the context of the rule of law, which will raise the likelihood that the same candidate would break the contract of authority delegation between the voter and the politician (Ferraz and Finan 2011; Winters and Weitz-Shapiro 2013).

Empirical evidence suggests that there is indeed a correlation between corruption and criminality and that voters view it as two sides of the same coin. In his study on criminality and corruption in Nigerian universities, Kingston (2011) finds that the two processes are highly correlated and share a reciprocal relationship whereby each process reinforces the other. In their experimental design on voter preferences in Uttar Pradesh, Banerjee et al. (2012) find that knowledge of alleged corruption or criminality on the part of political candidates always reduces the vote share for the established preferred candidate or raises the vote share for such a candidate if criminality and corruption are established for the other

candidates. Similarly, the authors find that corruption and criminality are empirically interrelated. Therefore, voters punish criminality and corruption in the same order, perceiving both as impropriety that doesn't reflect their best interests. As the percentage of charges translating into convictions is really low, the corruption indicator is constructed on the basis of charges levied against candidates, rather than actual convictions.

Control Variables

My empirical specification includes control variables that have been shown to affect district-level electoral competition: wealth, education, incumbency, and candidate reservation status (SC or general) (Kiewiet and Zeng 1993; Moore and Hibbing 1998; Theriault 1998; Chang, Golden and Hill 2010; Eggers and Fisher 2011).

Using data on total assets from the candidates' affidavits, I calculate a *wealth* variable, which I log due to the indicator's skewed distribution. Wealthier candidates would be expected to invest more resources into their electoral campaign, increasing their overall vote share and chances of winning (Dutta and Gupta 2012). Recent research has also shown that in the Indian context, wealthy candidates are frequently linked to illegal sources of wealth, which has made them attractive to political parties who compete in an environment of costly elections and scarce resources (Vaishnav 2012). For this reason, I anticipate an interactive relationship between wealth and malfeasance and include an interaction term because I anticipate that wealth will have different outcomes for vote share of malfeasant and non-malfeasant candidates, as wealthy malfeasant candidates will have greater resources than their poorer counterparts to employ in reversing the opinion of voters.[118] I hypothesise that wealthy malfeasant candidates will be more persuasive in securing vote shares in fragmented

[118] Because I include an interaction term, I orthogonalise the malfeasance indicator in order to distinguish the effects.

districts because, in a fragmented environment, they will have a higher changes of persuading voters to vote for them

Data on *education* is also extracted from affidavits; however, rather than use the multiple descriptors gauging the year at which the candidate left school, I define five education categories: illiterate; literate and/or primary education; high school education; university graduate; postgraduate education. I control for education by running a series of dummies in the model. My expectation is that lower levels of education will have a negative effect on voter share, while higher levels of education will improve candidate vote share (Besley, Pande and Rao 2005).

The *incumbent* measure records whether the political candidate was an incumbent in the previous legislature (1 if candidate is an incumbent and 0 otherwise). Information on candidate incumbency was collected using statistical data from the Election Commission of India website. An established argument in the literature is that political incumbents reap an electoral advantage as a result of voters' familiarity with them and opportunities extended to them during their incumbency to utilise government resources for electoral advantage (Erikson 1971; Gelman and King 1990; Cox and Morgenstern 1993; Cox and Katz 1996). On the other hand, numerous studies of elections in India record an incumbent disadvantage for Indian legislators (Linden 2004; Uppal 2009). But, as Aidt, Golden and Tiwari (2012) point out, raw electoral returns demonstrate an electoral advantage for incumbents, as expected from the standard argument in the literature.

Additionally, I include a series of party dummies to establish whether membership in any of the major parties improves vote share for their candidates. I include dummies for the INC, the

BSP, and the BJP. Finally, I include a dummy variable to record the reservation status of the political candidate (scheduled caste or general status).

Table 5.5 lists the means of key variables in the empirical analysis for Uttar Pradesh's party-affiliated candidates to the Lok Sabha, capturing the means for malfeasant and non-malfeasant politicians.[119] It appears that on average, malfeasant candidates secured a higher vote share, were more likely to be incumbents and were wealthier than their non-malfeasant counterparts by a factor of 7.5. They were also likely to be slightly older and slightly more educated than non-corrupt candidates. These descriptive data match my expectation that malfeasant candidates are considerably wealthier than clean candidates. For this reason, I expect the vote share for candidates to be mediated for wealth.

Table 5.5. Comparison of Candidates with and without Reduced Malfeasance Charges

Malfeasance	% votes	Age	Assets (in 1000, INR)	Education	Incumbent (%)
0	8.0	46.6	13,800	2.75	4.7
1	18.5	48.0	103,000	2.8	13.0
Average	13.3	47.3	58,400	2.8	8.9

Source: Author's own calculations of party-affiliated political candidates from Uttar Pradesh to the Lok Sabha. The values for corrupt candidates are significantly different from candidates with no corruption charges at 1%.

While the unit of observation for the following analysis is the individual candidate, constituency-level characteristics may potentially play a role in conditioning voters' capacity for punishing malfeasance. Aidt, Golden and Tiwari (2012), for instance, find that constituencies with higher levels of illiteracy lead to lower electoral turnouts, which may influence the way that voters reward or punish incumbents for policy outcomes, such as

[119] I also include information on candidate age. Age is not a significant indicator in my models and I do not include in the final tables. I include age in this descriptive statistics table for general interest only.

corruption. Additionally, it is possible that voters in districts with lower literacy rates may have lower levels of information and, as a consequence, may struggle to effectively process information relating to their candidates. Other district-wise characteristics found to have affected electoral outcomes in Indian subnational elections include constituency wealth, proportion of scheduled castes and tribes, and proportion of various religious denominations (Chhibber 1999; Chhibber and Nooruddin 2000; Banerjee et al. 2012; Lankina and Getachew 2012). These district-wise variables potentially play an important role and, ideally, they would be included in the regression analysis. Unfortunately, their inclusion into the Uttar Pradesh sample is restricted by three empirical obstacles. Firstly, data on these characteristics are only available at the district-level through the Indian census. The most recent Indian census took place in 2011, ruling it out as a source of data for electoral outcomes in 2009. Data from the 2001 census (the census preceding the 2011 iteration) would offer somewhat outdated information when considering the 2009 Lok Sabha elections. Nonetheless, the use of historical census data is not what fundamentally prevents the use of these statistics. Data collected for the Indian census is not collected for political constituencies, but rather for administrative constituencies, which capture different jurisdictions and, thus, relate different demographic information. Even more crucially, the boundaries of the majority of Uttar Pradesh's electoral constituencies were significantly altered following recommendations of India's Delimitation Commission. Thus, even if it was possible to parse the differences between the original administrative and electoral jurisdictions, that data would be rendered senseless by the new political constituencies, which reflect entirely different demographic distributions. Even in districts which retained their constituency names, the underlying characteristics may have changed entirely. For this reason, I am unable to include district demographic data in the following analysis.

Regression Results and Analysis

The choice of model is driven by two considerations. The panel structure of the data, where 709 politicians compete in 80 distinct districts poses a challenge when using standard OLS regression, as it violates the assumption that individual observations are independent of one another. In order to manage potential sources of unobserved district heterogeneity, especially in light of the fact that I am unable to include district-level characteristics, I use clustered standard errors. To meet the second assumption of OLS regression – that observations are unbounded – I had, as previously stated, transformed the dependent variable, which now has a range from -7.82 to 0.96. Having addressed these two empirical challenges, I proceed with OLS regression.

[Insert Table 5.6 here]

Table 5.6 presents the results of the benchmark specifications outlined in the previous section.[120] Models 1 and 2 capture the relevant effects for the reduced malfeasance set, which includes criminal cases that are more narrowly defined than the entre category. Model 1 describes the results for vote share of 555 candidates in districts with less or equal to 4.5 effective electoral parties and Model 2 describes the results for districts whose number of effective electoral parties exceeds 4.5. The results of the regression are consistent with the theoretical expectation that fragmentation obscures voters' ability to identify and vote against malfeasant politicians at the polls. In districts with moderate levels of effective number of parties, a malfeasance charge negatively and significantly affects candidate vote share. As anticipated, wealth positively and significantly affects vote share for candidates in districts with moderate degrees of fragmentation. The indicator capturing the interaction between

[120] All models are estimated using STATA 11.

wealth and corruption shows that allegations of malfeasance affect candidates of different wealth status in different ways. The interaction term attenuates the negative effects of malfeasance allegations for wealthier candidates, as I anticipated. So, while on average, tainted candidates are punished at the polls by the electorate, wealth abates the degree of such punishment because wealthy candidates have greater resources to persuade voters to their cause than their poorer malfeasant counterparts.[121] Turning to other controls, the education variables show that being illiterate or a high school graduate negatively and significantly affects a candidate's vote share. While being literate or having a primary education has a negative sign, the effect is not significant. As predicted, in Uttar Pradesh incumbency is a positively significant factor that improves a candidate's vote share. Membership in a national party, as captured by the INC, BSP and BJP dummies, significantly improves the fate of candidates at the polls, as anticipated. Being a Scheduled Caste candidate also improves vote share at the polls.[122] The R-Squared for the model is 0.64, indicating a good fit.

Turning to results for the 154 candidates in districts with high levels of fragmentation, I find support for my hypothesis that fragmentation has a detrimental effect on voters' ability to identify and punish malfeasant politicians. While malfeasance has a negative effect on vote share, it is not significant. Wealth retains a powerful and positive association with vote share, suggesting that wealthier candidates fare better in both high- and low-fragmentation districts. The interaction term retains the same effect as before, suggesting that wealth conditions the effects of malfeasance on vote share differently for different types of candidates. Indicators

[121] The results of these regressions are supported in part by the analysis conducted by ADR (2009) following the 2009 Lok Sabha elections in Uttar Pradesh. It reveals that out of 80 of the state's constituencies, 62 constituencies ran candidates with criminal charges. Using data on candidates whose pending charges included serious crimes only (murder, robbery, etc.), the analysis found that the probability of voters selecting a clean candidate improved when they had greater choice, with 75% of voters selecting the clean candidate when faced with 1 tainted candidate and 0% electing a clean candidate in constituencies where the number of criminally charged candidates was four or more.

[122] Previous models included the age and sex of candidates, but they proved non-significant and contributed little to the overall model.

gauging levels of education retain their signs (with the exception of literate/primary education level, which was not significant in either model) but lose their significance. Interestingly, incumbency retains a positive association with vote share, but loses its significance. Membership in national parties retains a strong and positive association with vote share, while Scheduled Caste reservation loses its significance. The model's R-Squared is 0.64, again indicating a good fit.

Models 1 and 2 clearly show that moderate fragmentation significantly improves voters' ability to identify and punish malfeasant candidates, whilst high fragmentation diminishes this effect. Taking into consideration the context of the political landscape in Uttar Pradesh, these results also show that malfeasance affects vote share differently for wealthy candidates, who suffer as a result of their tainted candidacy but to a lesser degree than their poorer counterparts.

Robustness

To further examine the robustness of the above results, I employ a different malfeasance measure and also run a model that includes a variable that gauges violent offenses in addition to other offences with which candidates have been charged. Models 3 and 4 estimate the effects of malfeasance on vote share in moderately and highly fragmented districts using all alleged charges. These results closely reflect the findings from Models 1 and 2 and speak to the relationship between criminality and corruption that was discussed in the section on the dependent variable. The only difference in these models is the fact that the reservation status has a significantly negative effect (at 10%) on vote share for candidates in highly fragmented districts. I again use the full malfeasance measure in Models 5 and 6 but in this case control for violent crimes in order to rule out the hypothesis that criminal candidates prevail at the

polls because they use violence and intimidation tactics to garner support at the polls, as suggested by Aidt, Golden and Tiwari (2012). The results in these models reflect the estimations in Models 3 and 4, indicating that voters' decision to cast their vote is not conditioned by this aspect of criminality. My last robustness test – in Models 7 and 8 – attempts to distinguish the effects of fragmentation on adverse selection and moral hazard separately. In other words, I look at how successful voters are at identifying candidate malfeasance versus malfeasance of incumbents. Unfortunately, only 46 party-affiliated incumbents relisted in the 2009 elections. Splitting this already small sample further into moderately and highly fragmented districts makes the possibility of estimating a model unfeasible. As such, I concentrate on candidates, and address adverse selection. As anticipated, the results closely reflect the findings of the benchmark models, indicating that moderate fragmentation does indeed attenuate adverse selection problems for voters in relation to picking malfeasant candidates for office. Highly fragmented districts again show that voters cannot distinguish malfeasant candidates from non-malfeasant candidates when casting their vote.

The results in the benchmark and robustness models confirm my hypothesis that party system fragmentation affects electoral accountability and the scope for corruption by shaping voters' ability to identify and punish malfeasant politicians. Voters are more likely to gather relevant information regarding the quality of their candidates when they can clearly distinguish candidates from each other, something that is more likely to happen in less fragmented districts. Additionally, more fragmented districts are more likely to list more than one tainted candidate, again restricting voters' choice to cast a ballot for a clean candidate. Another interesting finding from these regressions is the fact that wealthy corrupt candidates have more resources to spend in persuading voters to vote for them, showing that the mechanism is

in fact a more complex than initially suggested. However, the reason that wealthy corrupt candidates can successfully list in the first place speaks to the fragmentary nature of the party system, where parties desperate to survive welcome wealthy, even if corrupt, candidates in order to improve their electoral fates.

Conclusion

In this chapter, I further probed the hypothesis that party system fragmentation affects the levels of corruption by structuring voters' access to information and shaping their ability to cast a meaningful vote. I considered inter-district variation in Uttar Pradesh to further probe these considerations: my analysis specifically focussing on effects of moderate and high fragmentation levels on corruption.

By drawing on recent electoral experiences in India's most populous and, arguably, most important state – Uttar Pradesh – I provided evidence in favour of the above outlined expectations. My analysis demonstrated that in moderately fragmented settings voters do identify malfeasant candidates and punish them accordingly through a lowered vote share. Conversely, as predicted, voters failed to punish malfeasant candidates in highly fragmented districts, as voters struggled to coordinate on an alternative challenger. Within the Indian context, I was also able to refine some of these hypotheses, showing that candidate wealth has an attenuating effect on corrupt candidates, who are, on average, punished by voters, but suffer a lesser loss in vote share than their poorer counterparts. The findings of this chapter support the overall theory set out by this dissertation and refine the correlations discovered in Chapter 3 to more nuanced causal mechanisms.

Table 5.6. OLS Estimates of Determinants of Vote Share in Uttar Pradesh Constituencies for 2009 Lok Sabha Elections

	Benchmark Specification		Inclusive charges		Violent Charges		Non-incumbents	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Intermediate	High	Intermediate	High	Intermediate	High	Intermediate	High
Malfeasance 1	-0.184***	-0.141					-0.142**	0.0398
	(0.0650)	(0.184)					(0.0687)	(0.275)
Wealth (log)	0.373***	0.275***	0.347***	0.268***	0.348***	0.270***	0.336***	0.249***
	(0.0332)	(0.0595)	(0.0379)	(0.0615)	(0.0380)	(0.0618)	(0.0343)	(0.0559)
Wealth(log)*Malfeasance 1	0.0589***	0.0601**					0.0695***	0.0669**
	(0.0130)	(0.0237)					(0.0143)	(0.0273)
Malfeasance 2			-0.126**	-0.108	-0.123**	-0.122		
			(0.0582)	(0.147)	(0.0595)	(0.129)		
Wealth(log)*Malfeasance 2			0.0712***	0.0638**	0.0684***	0.0461		
			(0.00909)	(0.0246)	(0.0108)	(0.0332)		
Violent charge					0.0913	0.466		
					(0.232)	(0.480)		
Illiterate	-0.536**	-0.152	-0.502**	-0.0793	-0.505**	-0.114	-0.508**	-0.136
	(0.243)	(0.289)	(0.228)	(0.265)	(0.230)	(0.275)	(0.245)	(0.363)
Literate or primary education	-0.590	0.146	-0.586	0.207	-0.591	0.204	-0.554	0.0793
	(0.401)	(0.250)	(0.403)	(0.246)	(0.405)	(0.251)	(0.399)	(0.202)
High school graduate	-0.299**	-0.147	-0.281**	-0.155	-0.283**	-0.160	-0.270*	-0.146
	(0.135)	(0.297)	(0.124)	(0.286)	(0.123)	(0.281)	(0.136)	(0.282)
Incumbent	1.519***	0.919	1.529***	0.926	1.521***	0.938		
	(0.295)	(0.594)	(0.311)	(0.580)	(0.313)	(0.575)		
INC candidate	1.960***	1.956***	1.992***	1.925***	1.990***	1.906***	2.252***	2.409***
	(0.218)	(0.369)	(0.220)	(0.359)	(0.220)	(0.375)	(0.249)	(0.348)
BSP candidate	2.598***	2.415***	2.574***	2.472***	2.564***	2.468***	2.942***	2.947***
	(0.180)	(0.242)	(0.186)	(0.257)	(0.185)	(0.254)	(0.184)	(0.219)
BJP candidate	2.351***	1.735***	2.300***	1.771***	2.303***	1.692***	2.550***	1.728***
	(0.208)	(0.363)	(0.215)	(0.355)	(0.215)	(0.410)	(0.221)	(0.412)
Scheduled Caste candidate	0.496***	-0.518	0.495***	-0.612*	0.499***	-0.589*	0.522***	-0.460
	(0.144)	(0.295)	(0.138)	(0.288)	(0.139)	(0.286)	(0.156)	(0.285)
Constant	-10.26***	-8.413***	-10.02***	-8.367***	-10.03***	-8.394***	-9.854***	-8.143***
	(0.477)	(0.922)	(0.542)	(0.918)	(0.543)	(0.916)	(0.476)	(0.862)
Observations	555	154	555	154	555	154	521	144
R-squared	0.643	0.638	0.659	0.648	0.659	0.651	0.626	0.641

Notes: Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Chapter Six

Governing Party Dominance: Mexico

The previous two chapters probed the correlations established through large-N quantitative analysis relating to effects of party system institutionalisation and fragmentation of electoral accountability and the scope for corruption. In this final empirical chapter, I address the large-N findings which underlie the hypothesis that party systems with prolonged governing party dominance increase the likelihood for agency problems for voters and consequently enhance the prospects for governmental corruption.

In order to analyse the empirical association between governmental corruption and governing party dominance, I employ a cross-regional approach and consider the effects of party system dominance across thirty-one Mexican states. Specifically, I consider how the variation in the patterns of dominant party governance across Mexican states has affected electoral accountability and Mexican voters' ability to obtain relevant information regarding political candidates and incumbents, and cast a meaningful vote when faced with governmental corruption. Mexico's hegemonic party – the Institutional Revolutionary Party (*Partido Revolucionario Institutional*, PRI) – that has ruled Mexico for over 70 years has seen significant changes to its monopoly of the electoral landscape. Although the party lost control of the lower house of the Congress in 1997 for the first time, followed by the first peaceful transfer of executive power in the 2000 presidential election, PRI's reduction in dominance has been uneven at state level. At the subnational level, the opposition parties significantly undercut the PRI in some states as early as the late 1980s, while political competition in other states continued to develop along the dominant dimensions which favoured the PRI's electoral fortunes. In this

chapter, I take advantage of the existing governing party dominance variation across Mexican states and explore how emerging dominant pattern differences (the rise of multi-party competition vs. continued PRI dominance) affect the structuration of agency problems for Mexican voters in relation to governmental corruption.

This chapter proceeds as follows. The next section defines and contextualises the concept of a dominant party system, as well as sets out the relevant expectations for its relationship with electoral accountability and governmental corruption. In the following section, I discuss the case selection of Mexico as a 'nested design' case, and offer methodological and empirical justifications behind the choice to explore the country's subnational units as a means of testing the effects of governing party dominance on corruption. The section detailing the historical background of the Mexican party system traces how the PRI maintained its electoral hegemony in the country for over 70 years at the national level, while also reflects on the changes to the state-level party systems. I then consider evidence that illustrates the changes to national and state-level patterns of governing party dominance, highlighting their relevance to mechanisms that underlie governmental corruption. The empirical section tests the relationship between governmental corruption and governing party dominance, captured through gubernatorial elections at state level. The empirical findings lend support to the theoretical arguments set out in earlier chapters of this thesis, suggesting that governing party dominance inhibits accountability and affects the latitude for corruption. The conclusion positions this chapter's findings within the greater scope of this dissertation and provides discussion for further research.

Governing Party Dominance, Accountability and Corruption

As described in greater detail in Chapter 2, governing party dominance can enhance the scope for agency problems for voters through two key mechanisms. Firstly, the various mechanisms responsible for the advent of governing party dominance, including the heterogeneous catchall party positioning on the ideological spectrum that alienates challengers and attempts to convey their opposition as radical, centralise the power of overseeing and adjudicating elections in the hands of the dominant party (Magaloni 2006). The centralisation of politics by virtue of the dominant party's catchall status diminishes the viability of alternative political vehicles for the political system's politicians. The dominant party's catchall status both serves to provide a diversity of opinions and approaches internally (Brooks 2004) and to undermine the viability of the opposition to offer access to governmental positions. The incorporation of different interests within the framework of the dominant party, frequently underpinned by material and electoral advantages which are available as a result of unrestricted access to public policy and resources, allows dominant parties to maintain elite unity and diminish the prospects of party splitting (Magaloni 2008). In Italy, the Christian Democratic Party broadened its electoral base through a sustained use of patronage and implementation of centrist policy (Tarrow 1990; Warner 1998; Golden 2000), becoming a pivotal coalitional party for decades (Laver and Schofield 1990). Similarly, in Malaysia UMNO bridged ethnic divisions between Malays, Chinese and Indians to form a broad support base by centralising its platform (Crouch 1996), while the fractionalised opposition failed to coordinate against the incumbent due to the diverse support bases resulting from the country's ethnic cleavages. By virtue of incumbency advantages, which I describe below, dominant parties are able to attract and retain those politicians who want to win office, which means that voters' ability to affect a meaningful vote at elections is constrained. If

politicians perceive the incumbent as the only significant political contender, they will not risk founding or consolidating opposition movements and parties, which means that voters are left with fewer opportunities to de-seat the incumbent at the polls for the failure to deliver effective policies against corruption.

The second mechanism that is likely to diminish voters' ability to effectively identify and punish malfeasant incumbents is related to resource asymmetries that arise during the dominant party's tenure in power. The resource asymmetries facilitate the incumbent's ability to control both public policy agenda, which includes structural and political changes to the rules defining the nature of inter-party competition, and access to governmental resources (Greene 2010). By virtue of dominance over public policy and public financing, the dominant party has the opportunity to decide the organisation and progression of institutional change and erect barriers to entry for political challengers (McElwain 2008). The ability to alter the rules of competition allows the dominant party to manipulate the political landscape in a way that disadvantages its competitors in the electoral market by erecting barriers to entry for political challengers. Elections in Zambia in 2000 and 2002 present a powerful case of the dominant party disadvantaging the opposition and retaining power by means of manipulating electoral laws and regulations (Burnell 2002). These changes are introduced by democratic means, unlike institutional engineering in authoritarian regimes. However, through dominating public policy formulation, governments in dominant party systems can effectively and democratically undermine the opposition through these alterations. Access to policy instruments also allows the dominant party to supervise the dissemination of information to voters, for instance, in regulating access to media coverage by the opposition, which would get less coverage and would frequently be portrayed negatively

(Greene 2002). As such, voters face issues of adverse selection, as the information available in relation to competing candidates would not necessarily reflect reality. Challengers would be further hindered in mounting a credible political campaign as the result of limitations built into the system of electoral competition.

Dominant party incumbents also possess significant resource advantages that can help them outspend on campaigns and other aspects of party-building compared to the opposition (Magaloni 2006; Greene 2007). Not only do dominant resource-rich parties attract better candidates (Banks and Kiewiet 1989; Stone, Maisel and Maestas 2004), as discussed above, they also have huge financial assets at their disposal. Tien (1997) writes that Taiwan's KMT maintained over $US16 billion in assets, allowing the party to deploy state political and economic resources for its campaigns and patronage networks. In Japan, the LDP generated resource advantages over its competitors through subsidies, contracts, and licences (Woodall 1996; Pempel 1998) and through close collusive relationships with the private sector, which contributed to the party's coffers (Curtis 1988). It is worth noting that while dominant parties can sometimes employ clientelist strategies to disadvantage challengers, whose access to public resources is comparatively diminutive, dominant parties can invoke other resource asymmetries – including the restructuring of political institutions – to bend inter-party competition in their favour. In other words, clientelist exchanges form only one part of dominant party system's tool box for diminishing accountability and extending the latitude for corruption.

Dominant parties can initially come to dominate electoral politics by virtue of historical legacies or their catchall status, which accommodates various ethnic and/or socio-economic cleavages. To

ensure continued insulation from loss of political office, dominant parties can also pursue various strategies - like the tightening of barriers to entry for other competitors and the use of resource asymmetries – to disadvantage the opposition. Governing party dominance can become problematic for voters when the governing party perceives limited value in responding to public opinion due to its assurance of re-election. The recognition of electoral security provides no incentives for politicians to act in the best interest of their electorate, increasing the opportunities for corrupt behaviour and/or its tolerance. In sum, by virtue of controlling politicians within its own heterogeneous party organisation and by erecting barriers to entry for challengers through manipulation of public policy and regulations that affect the rules of competition, as well as having access to government resources in order to mount their campaigns, dominant parties in dominant party systems maintain the authority that allows them to define the scope for competition.

Case Selection

The findings from the empirical chapter gauging the effects of party systems cross-nationally establish a significant statistical relationship between governing party dominance and corruption. Hypothesis-testing in relation to dominant party systems has been challenging due to the small and diverse universe of cases where dominant parties prevail. As a consequence of methodological and non-methodological considerations, I was unable to employ nested design to select comparative cases that would allow me to test the effects of dominance on corruption, with feasibility arising as one of the key non-methodological factors (Gerring and Seawright 2008). While several countries in the large-N dataset can be classified as dominant party systems, it was not possible to pair them with other countries using the 'most similar systems' approach due to

the difficulty that came with ruling out alternative explanations in the existing differences of the control variables. While I am unable to proceed with a comparative approach of two countries, I use nested design to identify a country with a history of prolonged dominance and then proceed to examine how subnational variation of this dominance conditions the scope of corruption by mitigating or enhancing agency problems for voters.

Table 6.1: Mexico compared to Sample Mean (and Modal) Values of Large-N Analysis

Variable	*Obs.*	*Sample Mean*	*Min*	*Max*	*Mexico*
Corruption	91	0.37	-1.81	2.35	-0.21
Party Age	91	36.87	3.00	147.375	44.5
ENEP	90	5.13	1.68	51.45	3.21
ENPP	91	3.57	1.3	15.21	2.56
Dominant party governance	91	5.77	1	52	43.13
GDP (pc)	91	3,604	143	42,066	5,497
Freedom House score	91	2.20	1	4.81	3.13
Decentralization	91	Mode: 0	0	2	2
Presidential Power	91	Mode: 1	0	1	1
Electoral system	91	Mode: Mixed			Mixed
ELF	91	0.37	0.002	.879	0.54

Source: Dataset from Chapter 3.

The cross-national analysis helped identify Mexico as a country with a pattern of governing party dominance. The average number of consecutive years that a party spent in government was 43.13 for the period from 1995 to 2002, far exceeding the sample mean of 5.77 years. This high level of governing dominance captures the prolonged presence of the PRI as the ruling party in Mexico. The PRI was the dominant national party in Mexico since the country's founding until

1997 when it lost the lower house of the assembly.[123] Until the 1980s, the PRI was also the dominant party in every Mexican state.

In addition to Mexico's high governing party dominance score, its corruption score (-0.21) is well below the sample's means of 0.37. The values for Mexico's control variables, however, are largely in line with the sample mean and modal values, although its GDP per capita – at $5,947 – is slightly higher than the sample mean, while the party system fragmentation indicators – capture by ENEP and ENPP – fall below the sample mean values. Notably, Mexico is a federalised system, as indicated by its decentralisation value of 2.

Subnational data from 31 Mexican states offers sufficient temporal and regional variation in governing party dominance to carry out a quantitative analysis into its effects on governmental corruption. The degree of autonomy granted to Mexico's subnational units to some degree guides the decision to consider cross-regional – rather than cross-national – comparison of governing party dominance effects on governmental corruption. Additionally, although Mexican states share a number of similarities, they are sufficiently different to constitute independent observations, particularly as a result of the variation in the type of party system (Lijphart 1971; Snyder 2001). Significantly for this analysis, Mexican states offer a variety of experience with governing party dominance.

During the 1980s and 1990s, the PRI introduced a number of electoral reforms designed to retain its hegemonic grasp on the electorate, but which also helped enhance electoral opportunities for

[123] The PRI was originally founded as the National Revolutionary Party (*Partido Nacional Revolucionario*, PNR). It was renamed to the Party of the Mexican Revolution (*Partido de la Revolucion Mexicana*, PRM) in 1938, obtaining its present name (PRI) in 1946.

challengers so the semblance of competitive elections could remain. One of the political reforms in the 1980s granted greater autonomy to state governors, who previously had been entirely dependent on the national branch of the party for their electoral fortunes. This reform resulted in the weakening of links between federal and state party organisations, and patterns of dominance in Mexico became territorially uneven as a consequence, with some states electing non-PRI governors for the first time and others retaining the PRI as its ruling party. For instance, Baja California was the first Mexican state to elect a non-PRI governor in 1989, soon followed by other states in northern and western parts of Mexico (Hiskey, Mosley and Goldberg 2011). Other states, like Veracruz, had never experienced alternation in power and, to this day, function under PRI governments. The subnational data on Mexican states provides an opportunity to explore the spatially uneven processes and mechanisms that underlie the scope for corruption as a result of party system dominance. The subnational focus helps code the cases accurately, improving the validity of causal inferences (Snyder 2001: 93).

The final consideration in the selection of Mexico and its states to probe the governing dominance hypothesis derives from feasibility of measurement along the corruption dimension. In addition to offering an inter-state variation on the independent variable, Mexico also offers a measure of corruption which is disaggregated at state-level. Since 2001, the Mexican branch of Transparency International – *Transparencia Mexicana* – has organised biennial collection of data on citizens' experiences of corruption across 35 public sectors in Mexico. These data are available at state-level, making it possible to compare levels of corruption experiences across subnational entities.

Party Dominance in Mexico: Background

A dominant party system existed for almost 70 years in Mexico, with the PRI monopolising political power and utilising state resources to sustain its political advantage, which ensured that the party won every presidential election from 1929 to 2000, secured a majority in Congress until 1997, won every governorship until 1989, and controlled a significant majority of Mexico's municipalities. At the same time, the PRI co-existed alongside a number of internal and external competing groups, including legally registered opponents. Nonetheless, elections at every level – municipal, state and national – although technically free, were uncompetitive (Kaufman 1999; Crespo 2004: 2). The PRI managed to retain political power for so long partly due to its ability to serve as an umbrella party for various factions within society and political elites. Additionally, the party frequently altered the country's rules of competition to its advantage – in order to preserve favourable conditions for the perpetuation of its power – by preventing the opposition from mounting a coordinated overarching challenge (Diaz Caeryos and Magaloni 2001; Crespo 2004; Klesner 2005).

Mexico's dominant party system traces its roots to 1929, with the founding of PRI's predecessor, the PNR, nine years after the conclusion of the Mexican Civil War. Mexico's then-President Elias Calles (1924-28) conceived of creating a single organisation which would encompass revolutionary leaders, local political parties and local bosses, transforming the PRI into an inclusive party at the level of the elites (Magaloni 2006: 4), whilst limiting the powers of each party leader – at federal and state levels – by prohibiting consecutive re-election in order to maintain the stability of the party system and prevent long-term dominance by one individual (Kaufman 1999). PRI's origins as an elitist organisation were short-lived, however, and by the

mid-1930s the party embraced the masses by consolidating links with unions and peasant movements (Kaufman 1999: 178). President Lazaro Cardenas (1934-40) incorporated peasants and labour unions into the PRI organisation by offering these groups material rewards and social legislation (Collier 1999; Magaloni 2006; Greene 2007). The PRI became a labour-based party which relied heavily on 'consent, … continual negotiation, exchanges, distribution, and cooptation, as well as an ideological appeal based on the Mexican Revolution' (Collier 1999: 225).

Although the PRI developed strong corporatist links to unions and peasant organisations (Kaufman 1999: 177), eventually it concerned itself less with social transformation and more with reducing the struggles associated with access to political office. The PRI served as a platform for internal negotiation between various factions, as well as a means to communicate with non-party groups regarding access to public resources and access to political office. The party retained a highly centralised structure which privileged access to political office, whereby middle-level politicians relied on strong ties with more established politicians among the party's elite (Ames 1970: 153). This political framework attained the status quo by the 1940s, by which time the PRI managed to expand its party base to absorb most of the capital sectors, becoming a multi-class coalition (Collier 1999). In 1946, an electoral reform that awarded the function of organising elections to the central government and the PRI (Klesner 1997), removed any remaining authority from governors, local congressmen and local leaders (Kaufman 1999; Crespo 2004: 4), essentially concentrating power in the hands of the president and awarding him power over state-level officials. The centralisation of access to political office at the federal

level, specifically with the president, hindered the formation of new parties, as any financial and material advantages became unavailable to dissidents.

While the internal party stranglehold on potential factions was quite stringent, the PRI worked to balance hegemony with legitimacy from the outset (Diaz Cayeros, Magaloni and Weingast 2003). The party's national political authority was to some degree legitimated by the continued observation of semi-competitive elections (Kaufman 1999: 179), although in reality the party retained a highly centralised structure internally and within the political system as a whole. The PRI tolerated small opposition parties and, on occasion, financially subsidised them, in essence extending 'representation within and outside the framework of the ruling party itself' (Kaufman 1999: 175). However, the PRI was able to maintain electoral hegemony by means of privileging access to public patronage and having exclusive access to mass media (Ibid.).

PRI's paradoxical formula of combining inclusion with simultaneous electoral constraints was so successful that it almost eradicated the perception of competition and led to a delegitimisation of the party's authority (Molinar Horcasistas and Weldon 2001). To address this, in 1964, the PRI government enacted electoral reforms that introduced proportional representation, as part of a strategy designed to prevent the National Action Party (*Partido Accion Nacional*, PAN), the biggest opposition party, from withdrawing from electoral races (Casar 2002; Magaloni 2006). Further concerns regarding the perception of the uncompetitiveness of the party system and the fact that no non-PRI candidates ran during the 1976 presidential campaign led to another electoral reform in 1977, which permitted the registration of revolutionary leftist parties and offered the formalisation of the public funding process for parties (Crespo 2004). Additionally,

challenger parties were granted access to designated advertising space in the media, while the electoral system was reformed to create a mixed system of majority and proportional deputies. These institutional changes had the desired effect and, as a consequence, nine non-PRI candidates ran for president in 1982 (Greene 2007).

Another mechanism which has allowed the perpetuation of party dominance by the PRI in part rests with the context of one-term limits, which in the past allowed every new PRI government and president to disassociate themselves from the policies and actions of the one preceding it (Morris 2011), in essence awarding themselves anti-corruption and reformist credentials. The combination of providing a broad ideological base that limited the appeal of the opposition, the use of politically relevant resource asymmetries, and the disassociation from the policies of a previous government created formidable barriers for the opposition in mounting a credible challenge to the incumbent. The coordination problems for the opposition in effect resulted in limited choices for the voters.

The PRI managed to retain a firm grasp on its electoral hegemony until the 1980s by engineering electoral reform to protect its own dominance and ensure very slow growth of the opposition forces (Diaz Cayeros and Magaloni 2001: 282). However, the party sustained a number of external and internal shocks, which included the 1981-82 oil price collapse that prevented Mexico from servicing its external debts and the deadly 1985 Mexico City earthquake, which significantly undermined the party's ability to monopolise elections and led to a regression in the party's overall hegemony (Kaufman 1999: 190). The PAN began to make significant electoral gains in state and local elections, eventually becoming Mexico's biggest opposition party in the

1990s (Collier 1999; Crespo 2004). The strengthening of the opposition was accompanied by the internal friction within the PRI itself, which was undergoing a deep schism as a result of disagreements over economic policy (Bruhn 1996). The party splintered in the 1980s and 1990s as claims of corruption and electoral fraud emerged, with the left wing of the party positioning Cuauhtémoc Cardenas, a former PRI politician, as a presidential candidate in the 1988 elections and forming the Party of the Democratic Revolution (*Partido de la Revolucion Democratica*, PRD) shortly following the elections, with the PRI's disenchanted right crossing over to the PAN (Carlson 2009).

The PRI attempted to inhibit the progress made by opposition parties by once again changing the electoral system in 1987 (Lawson 2000: 272; Crespo 2004: 4) to advantage the PRI in gaining absolute majorities in the lower house of the Congress. Similar changes were instituted in 1991 and 1993. However, the 1994 fiscal collapse diminished PRI's access to state funds, which limited patronage that has previously extended PRI's ability to secure a broad electoral base (Kaufman 1999; Greene 2008). The establishment of the independent electoral commission IFE in 1996 as part of the electoral reforms set the stage for a new era of electoral competition (Carlson 2009). Nonetheless, these reforms did little to suppress the growth of the opposition and the PRI's incumbency was seriously shaken in 1997 when it lost the absolute majority of the lower house of Congress for the first time.

The changes to the PRI's electoral hegemony in the 1980s that came about as a result of various external shocks were further supported by a citizen drive to commit to democratic values, bridging historically divisive aspects, including education, gender, and class (Dominguez and

McCann 1996). And while the PRI touted its 1988 and 1994 electoral reforms as its response to citizens' demands, many Mexicans doubted the general integrity of these policies (Ibid.) The rising middle class and urban sector group posed a threat to the party's electoral monopoly, previously incorporated into PRI's traditional patronage frameworks, as opposition parties became more appealing to these groups, thus undermining PRI's strength (Klesner 1993). As the system was transitioning to a democracy, the party had further issues in convincing voters of its credibility as a democratic conduit, with 43.2% of national survey respondents identifying the PRI as an authoritarian party, compared to 28% for the PRD and 25.4% for the PAN (Greene 2008: 22). Because the 1982 and 1994 economic crises depleted the state coffers, PRI had to focus on policy and not on patronage, which no longer mobilised high voter turnouts (Greene 2008; Magaloni 2008).

The internal schisms within the PRI, changes to the country's institutional frameworks which granted the opposition greater opportunities to challenge the incumbent, and the depletion of public resources which had previously partially helped secure electoral support altered the dominant patterns of competition in Mexico. The PRI could no longer be considered the singular vehicle for public office for politicians, who now looked elsewhere to try their electoral fortunes. The changes to patterns of competition were accompanied by changing voter preferences (Collier 1999). The 1988 presidential elections delivered a shock to the PRI when the party secured only a marginal victory of 50.4%, in contrast to its regular super-majorities, with 31% of the vote going to Cardenas and 17% to the PAN (Collier 1999: 232). Cardenas's success at the polls led to the formation of a new left-wing opposition party – the PRD – which would eventually come to erode the PRI's working class support base. The reforms introduced by the PRI in the late

1980s and 1990s awarded the opposition much needed capacity to mount a challenge to the incumbent. Alongside the overall gradual erosion of the party's electoral base, fewer and fewer electoral districts in Mexico could be classified as hegemonic, with fewer than 10% of national districts classified as dominated by the PRI in 1997 (Klesner 2005),[124] the year that the PRI lost its majority in the lower house of Congress. In 2000, the PRI ceded its most prized political office – the presidency – to PAN's Vicente Fox, thus ending the national-level governing dominance that existed in the country for over 70 years (Greene 2007: 2). The demise of the PRI's dominance, however, was not a unified territorial process and Mexico's states' party systems evolved at very different rates, with some retaining a hegemonic PRI structure and others attaining a multi-party setting. In the next section, I show how PRI's dominance and subsequent erosion developed across Mexican states.

Governing Party Dominance in Mexican States

Under PRI's dominant rule, Mexican states were largely subordinate to the federal government, enjoying little fiscal or political autonomy (Baer 1990: 36; Mizrahi 2001). The federal hierarchy set out in the 1917 Mexican constitution facilitated the centralisation of power in the federal centre, particularly with the president; however, it was also reproduced at the local level (Balkin 2004 in Gonzalez 2010), with power concentrated in the hands of a few executive decision-makers. However, the transition from governing party dominance – which commenced in the 1980s – created an unequal dynamic among Mexico's states and set the stage for state-level variation in the evolution of governing party dominance.

[124] Klesner (2005: 104-5) defines electoral district hegemony as 1 to 1.5 effective number of parties competing at elections. He does not employ an additional temporal standard to gauge dominance.

Before the 1990s, Mexican state governors were considerably less powerful vis-a-vis the country's president; nonetheless, within their own state they held a great degree of control over local candidacies and state bureaucracies (Gonzalez 2010: 17). The hierarchal model established by the PRI entailed the Mexican president dealing directly with governors, who in turn oversaw state politics. The president generally selected candidates to stand as governors[125] as a reward for their support at state level, signalling potential recruitment into party leadership at the national level (Carlson 2009: 2). This helped build national party support in pragmatic, rather than ideological, terms, making the PRI an umbrella party which represented various elite-level factions. The politically engineered absence of real electoral competition predetermined that ambitious politicians joined the PRI, as working outside the party would not result in actual power or public office posts (Klesner 1997; Kaufman 1999; Crespo 2004). This strategy resulted in governors being allowed personal fiefdoms, as long as they fell in line with the party, serving as the president's intermediary between local and federal governments (Gonzalez 2010: 20).

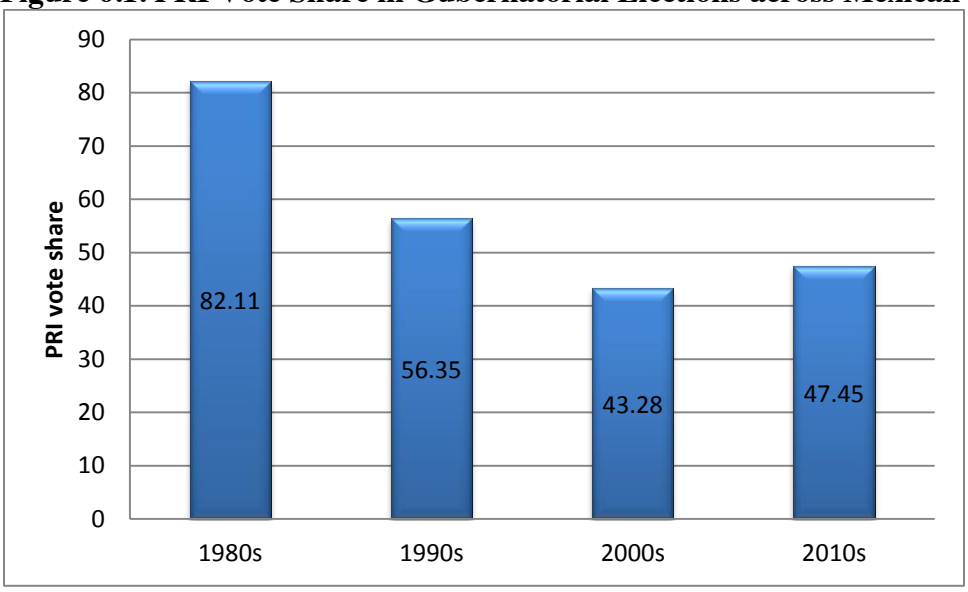
As the national party system began to transform into a more competitive institution, with the introduction of electoral reforms in the 1980s and 1990s, the political competition began to erode the institutional foundations of subordination across Mexican states. This affected the degree of competitiveness *within* state party systems, particularly in northern areas of the country (Klesner 2005: 4), with PAN's victory in the gubernatorial elections in Baja California in 1989 serving as a watershed event. The emergence of meaningful elections in the 1990s did not however occur in an even fashion across the country (Lawson 2000; Beer 2003). And while voters in Chihuahua, Guanajuato, Jalisco and other states opted for non-PRI governments in the early 1990s, almost a

[125] The support of the PRI in a bid for governor all but ensured the candidate's election.

quarter of the Mexican population was still subject to the PRI's continued monopoly at state and local elections (Hiskey and Bowler 2005: 59).

The 1994 electoral reforms had direct consequences for state governors and party system composition within Mexican states. The reforms extended the autonomy of Mexican governors, mayors and state legislators, who gained greater control over public policy and tax revenues (Kaufman 1999: 191; Montero 2001; Careaga and Weingast 2003; Haggard and Webb 2004), with the locus of power gradually shifting to state party organisations by the late 1990s (Langston 2003). In some regions, the new institutional autonomy resulted in opposition parties gaining electoral support by developing local organisations and expanding their electoral bases (Langston 2003; Klesner 2005). The changing tapestry of subnational elections created new incentives for opposition parties to pursue catchall party status, abandoning ideological differences, as the Mexican electorate began to respond to and embrace the anti-regime sentiment (Klesner 1997; Klesner 2005). Before 1997, the PRI held a majority of legislative seats in at least 90% of the state assemblies (Casar 2002). Between 2000 and 2007, the PRI controlled a majority in only 49% of the state assemblies. Previously, PRI support and candidacy virtually guaranteed that the governor would become elected, which allowed these governors to unilaterally command legislative candidacies in order to build desired coalitions and reward loyalty while punishing dissidents (Hernandez-Rodriguez 2003). Below, I discuss the evolution of the Mexican state party systems from the perspective of gubernatorial elections, starting in the 1980s.

Figure 6.1. PRI Vote Share in Gubernatorial Elections across Mexican States, (1980-2012)



Source: Instituto de Mercadotecnia y Opinion; author's calculations.

Figure 6.1 captures the change in average PRI vote share in gubernatorial elections in Mexican states from 1980[126] to 2010. In the 1980s, the PRI enjoyed almost unilateral support at the polls, with vote shares for its governors averaging at 82.11%. In the 1979 gubernatorial election in Queretaro Arteaga, the PRI candidate garnered 100% of the vote share, with voters in other states, like Quintana Roo, Tabasco, Chiapas, Hidalgo and Campeche frequently voting in PRI governors with over 95% of the vote share. Despite such high average and individual vote share figures, the PRI's popularity in some states was already declining and voters in states like Baja California, Durango, Jalisco and Nuevo Leon awarding much lower vote shares to PRI governors, ranging between 47% and 68%. Following the electoral reforms in 1988 and 1994, the share for PRI gubernatorial support decreased dramatically with average vote share in the 1990s plummeting to 56.35%, considerably below 1980s' averages. Again, the disaggregated

[126] I also include the 1979 elections for Queratarо Arteaga as they fall within the same electoral cycle as the early 1980s elections across other states.

values capture a wide array of support, with a high of 61.2% in the Coahuila 1999 elections, while most states hovered at vote shares between 30% and 45%. Mexico's gubernatorial elections became extremely competitive following the 1994 reforms, with the PRI losing 11 out of 32 gubernatorial races between 1993 and 1999 and gaining absolute majority only in eight elections (Diaz Cayeros and Magaloni 2001: 278). This trend continued in the 2000s, with average vote shares for PRI gubernatorial candidates plummeting to 43.28%, with the PRI becoming accustomed in running its candidates with the support from other parties in order to enhance its electoral prospects. Out of the 45 state executive elections held between 2000 and 2009, in 25 cases (56%) the PRI gubernatorial candidate ran with the support of at least one other party. This tactic appears to have paid off, as gubernatorial elections in the 2010s show that in 23 out of 24 elections (96%), the PRI ran its candidate on a joint platform. Figure 6.1 shows that this tactic improved the PRI's electoral fortunes, with the average vote shares for PRI gubernatorial candidates increasing in the 2010s.

Table 6.2. Mexican State Executive Elections - Votes Won by PRI Candidates, 1980s-2010s

	1980s	**1990s**	**2000s**	**2010s**
60% and more	96%	36%	0%	17%
50-60%	0%	20%	22%	17%
40-49%	4%	32%	47%	54%
39% and less	0%	13%	31%	13%
N (100%)	57	56	45	24

Source: Instituto de Mercadotecnia y Opinion; author's calculations.

Table 6.2 provides an alternative perspective relating to the differences in PRI governing dominance across Mexican states from 1980 to 2012. This table shows the strength of PRI gubernatorial dominance and the eventual erosion of this dominance in the 1990s and 2000s, with a slight increase in the party's dominance in the 2010s. In the early 1980s, the PRI

consistently secured victories with over 60% of the vote in 96% of gubernatorial elections. The party failed to reach a majority vote share on only on two occasions in the 1980s. This electoral advantage was undermined in the 1990s when the PRI secured 50% or more of the vote share in 56% of the elections, and utterly eroded in 2000s, at which point the party failed to secure over 60% of the vote share for its gubernatorial candidates in any election and garnered a majority vote share in only 22% of the elections. In the 2010s, the PRI's fortunes improved somewhat, with the party's candidates receiving 50% and above of the vote share in 34% of the elections.

[Insert Table 6.3 here]

While Figure 6.1 and Table 6.2 provide average statistics for state executive elections in Mexico, Table 6.3 offers disaggregated vote share information for each state for the last three gubernatorial elections, ranging from 1995 to 2012. This table demonstrates that even in those states where the PRI was no longer in power, it remained a formidable contender with the majority of the party vote share ranging between 30% and 61%. The 2000 and 2006 elections in Morelos and the 2006 elections in Guanajuato are the only instances when the PRI received less than 30% of the vote share. Despite its continued importance, the PRI lost control of the majority of its former governorships by the late 1990s. However, as this table shows, currently, out of the 31 federal entities, the PRI has its governors in 21 (68%) states. Although this may suggest the return of PRI's fortunes, the fact that the PRI has lost gubernatorial elections in most of these states on previous occasions indicates that the party is not necessarily dominant, but has rather become part of a competitive multi-party election process. Nonetheless, 11 states in Mexico had never experienced turnover in the party of its executive. Campeche, Chihuahua, Coahuila,

Colima, Durango, Hidalgo, Mexico, Quintana Roo, Sonora, Tamaulipas and Veracruz had never had non-PRI governors. And yet even with this group of states, there is differentiation in terms of the degree of support for the PRI. In some states, such as Sonora, the vote share for the PRI is in the low 40s, while in others, for instance Tamaulipas, electoral support for the PRI always ranges above mid-50s and low 60s.

Mexican state governments had long endured their subordination to the Mexican president and the national-level political elite. However, the transformation of the national party system, alongside changes to the electoral system that banished some of the barriers to entry for the opposition, recalibrated the party system landscape across Mexican states, with the PRI retaining strongholds in a number of states; while, for the first time, opposition parties began to successfully challenge the party's dominance in other states. Before I empirically explore how these cross-regional differences in governing party dominance have affected the scope of corruption across Mexico's states, I consider alternative explanations that could potentially influence the existing subnational variation in corruption levels.

Competing Explanations

Cultural Tolerance of Corruption

Some scholars contend that Mexico's present high levels of corruption reflect the country's cultural tolerance of corruption (Moreno 1999; Moreno 2003). As described in Chapter 4, various researchers who study cultural and societal factors underpinning citizens' perceptions of corruption have linked higher thresholds for corruption tolerance with increased levels of corruption in the political system (de Sardan 1999; Gillespie 2006). Others have found that

increased tolerance of governmental corruption decreases voters' incentives to hold politicians to account even in instances where voters are aware of malfeasance (Guerrero and Rodriguez Oreggia 2008). In other words, higher cultural levels of corruption tolerance have previously been shown to inhibit accountability mechanisms between voters and politicians, as citizens do not place a high value on reducing corruption in their daily lives or among their political class.

There appears to be little support for the argument that high levels of corruption persist in Mexico due to its citizens' higher threshold for tolerating corruption. Morris (2009: 140) describes Mexico as a country where widespread corruption exists alongside strong views condemning it. Survey and perceptions data appear to support this hypothesis. The 2013 Global Corruption Barometer (GCB), a Transparency International survey of citizens' experience of corruption, shows that corruption is a serious problem in Mexico. Thirty three percent of respondents who came in contact with one of the services described in the survey – education, judiciary, medical services, police, registry and permit services, utilities, tax and customs services, land services – said that they paid a bribe for the service in question. The share of Mexico's citizens paying bribes to obtain public services is similar to bribing levels in countries like Kazakhstan (34%) and Jordan (37%). The high prevalence for bribes is supported by Mexican citizens' perceptions of levels of corruption in their country, with 87% perceiving corruption to be widespread in their country (Latin American Public Opinion Project, (LAPOP) 2012) and 93% believing corruption in the public sector to be a serious or a very serious problem (GCB 2013).[127] In addition to believing corruption to be a pervasive and serious issue, 67% of surveyed Mexican citizens reported that corruption affected their personal and family life to a

[127] These results are corroborated by earlier results in the Latinobarometer (2001) survey, in which 96% of survey respondents said that corruption was a very serious or serious problem.

moderate or great extent and 84% reported that it affected political life to a moderate or great extent (GCB 2005). In 2012, Mexican citizens reported corruption as the country's fourth major problem, behind only crime, inflation and unemployment (LAPOP 2012).[128] In other words, Mexicans perceive corruption to be a major and widespread problem in their country, and one which affects their everyday and political lives.

Mexican voters largely place the blame for the country's corruption problems on their politicians and their failure to curb corruption. Fifty four percent of those surveyed in the GCB 2013 survey said that bribes are most commonly paid in order to speed up the delivery of services, while 34% said bribes are paid because that is the only way to obtain the service in question, echoing Miller's (2006) empirical findings in Eastern Europe which suggest that ordinary citizens condemn corruption but are pressured into it by virtue of the pervasiveness of the practice. The 2001 *Encuesta Nacional de Corrupcion y Buen Gobierno* (ENCBG) survey showed that 72% of respondents agreed that Mexicans were honest, but that the political system imposed corruption, while 74% agreed with the statement that corruption existed because of politicians. Thirty percent of Mexicans said that their government did little or nothing to fight corruption (LAPOP 2012) and 56% reported that greater corruption existed among politicians than in the rest of society (Latinobarometer 2008). These survey responses are corroborated by the most recent data from the 2013 GCB, which shows that Mexican citizens have little faith in their government's efficiency in fighting corruption with 72% stating that the government's actions in curbing corruption are ineffective. Additionally, Mexican voters display a generally low tolerance for

[128] Eleven percent of respondents in the 2012 LAPOP survey identified corruption as the country's biggest problem, behind crime (22%), inflation and high prices (13%) and unemployment (12%). These findings indicated a change from the 2010 LAPOP survey where corruption was reported as the fifth biggest problem in Mexico, with 4% of survey respondents believing it to be the biggest issue facing the country.

corruption at the individual level, with 78% of survey respondents stating that paying a bribe is never justified (LAPOP 2012). Tolerance for governmental corruption is also low – 81% of the Latinobarometer 2006 respondents said that it is unacceptable for government officials to provide their relatives with work and 85% stated that it is inappropriate for government officials to offer favours to those who politically support them.

In summary, survey data suggests that the cultural argument for corruption does not appear to have strong support in Mexico. Low tolerance for individual and governmental corruption, in combination with high levels of perceived corruption and belief that politicians do little to improve corruption, indicate that Mexican normative views do not support tolerance of corruption.

Effects of Democratisation on Corruption

Considerable scholarly efforts have been made to probe the association between democratisation and corruption, with the expectation that greater democratisation leads to improved levels of governmental corruption (Treisman 2000; Sandholtz and Koetzle 2000; Schlesinger and Meier 2002; Hill 2003). The most frequently cited component of democratisation – improved political competition – has been shown in cross-state comparisons to lead to better selection of candidates for public office (Beer 2003) and increase respect for rule of law and trust in institutions (Cleary and Stokes 2006), intuiting that democratisation may help improve levels of corruption. Thus, levels of uneven democratisation across Mexican states could potentially serve as an alternative explanation that could describe divergent subnational levels of corruption.

In Mexico and in Mexican states, democratisation has had a positive overall effect. Growing political competition among parties pushed politicians to attract voters and use their time in government to bring about real change to the public sector (Hill Mayoral 2005 in Morris 2009a), with increased oversight over administrative functions and decline in bureaucratic forms of corruption. Nonetheless, empirical analysis of Mexico's thirty-two federal entities (31 states and one federal district) has shown that democracy and democratic competitiveness (democratisation) explained very little of the overall variation of the rates of participation in corruption, perceived corruption, or change in levels of corruption at the subnational level in Mexico (Morris 2009b; Wuhs 2013). In short, there was no significant difference in levels of corruption between Mexican states with higher levels of democracy and alternation in power, states with intermediate levels of electoral and political competition, and states still dominated by the PRI. Wuhs (2013: 203) argues that early democratisation redistributed and fragmented subnational conflicts of interest, opening up new opportunities for corruption and in some cases facilitating the consolidation of previous patterns. In other words, while effectively influencing patterns of competition, democratisation in Mexico also opened up new channels for malfeasance, which – despite the theoretical expectation that democratisation improves corruption – suggests that democratisation's effect on governmental corruption in Mexico is not a potential alternative explanation.

Data

To test the expectation that governing party dominance can affect electoral accountability and, thus, the degree to which voters are capable of rewarding or punishing politicians and parties for the levels of governmental corruption, I focus on the *variation* in levels of corruption across 31

Mexican states across two gubernatorial electoral cycles (from 2001 to 2012).[129] Mexican state governors are elected every six years; however, state gubernatorial elections are not all held at the same time. Therefore, election periods differ across states.[130] I employ T*ransparencia Mexicana*'s *Encuesta Nacional de Corrupcion y Buen Gobierno* (ENCBG) or the National Index of Corruption and Good Governance to gauge levels of corruption. I describe the dependent, explanatory and control variables below.

Dependent Variable

The dependent variable is the share of votes received by the incumbent party's gubernatorial candidate in the state gubernatorial elections. The vote share ranges between 0 and 1, which bounds the indicator to those numerical bounds. I transform the vote share variable by calculating the log of the odds ratio for each incumbent vote share entry[131] in order to use standard OLS regression. As one of the assumptions of using OLS regressions is an unbounded dependent variable, I transform the vote share. The initial transformation of the variable into odds removes the upper limit of 1, while taking the natural logarithm of the odds removes the floor of zero.

Vote share allows me to capture whether voters are punishing or rewarding politicians for reducing or enhancing opportunities for corruption in the public sector. While I consider

[129] While I have collected data for the electoral cycle preceding the time period under consideration, I could not include it in order to improve the scope of my sample for theoretical reasons. The 2000 elections are largely perceived as the watershed moment in Mexican democracy. While some of the Mexican states began the process of alternation in power before this time, this was quite patchy still and reaching back beyond 2000 may result in inclusion of an authoritarian period, which does not conform to the selection process for my dataset.

[130] I detail my approach to controlling this difference in relation to the dependent variable in the following sections.

[131] The dependent variable is calculated as follows: $\log \frac{Voteshare_i}{1-Voteshare_i}$

individuals – candidates running for the governor's office – the nature of Mexican electoral rules, which prevents consecutive contestation of any political office, implies that in fact, I am considering the fates of political parties. In Mexico, all public office holders serve a single term, with no opportunity for consecutive re-election. The president, governors and senators serve single, six-year terms, while mayors, national legislators and state legislators serve three-year single terms. The strict one-term limit means that for individual-candidates there is no such thing as an incumbency advantage, the advantage accrues only in the party sense (Carlson 2009: 5). Vote share data for the incumbent and winning gubernatorial party is obtained from the *Instituto de Mercadotecnia y Opinion IMO* (Institute of Marketing and Opinion).[132] In instances where the IMO does not provide historical electoral data, I use electoral results data from the state-level electoral commissions from relevant states.

Independent Variable

To gauge levels of corruption, I use the ENCBG survey conducted by *Transparencia Mexicana*, the Mexican branch of Transparency International, in 2001, 2003, 2005, 2007 and 2010.[133] The index focuses on households and is based on experiences of corruption of almost 15,000 households, using the same survey structure that is used in the national Mexican census. The index includes information on 35 public services offered by the three levels of government (local, state, and national) and uses a scale of 0 to 100, with lower values indicating less

[132] http://imocorp.com.mx/CAMPO/zSIEM/ELEC_X_ANIO/ResultadosWeb.asp. Retrieved on 16 April 2013.
[133] The 2001 ENCBG survey was conducted in June and July, employing 13,790 household interviews across the nation. The 2003 (June-July) considered 14, 019 households. The 2005 survey was conducted from November 2005 and February 2006, comprising 15, 123 interviews with households. The 2007 survey included a sample of 14,836 households. The 2010 survey included 15,326 households. http://www.transparenciamexicana.org.mx/ENCBG/. Retrieved on 16 April 2013.

corruption. The survey largely focuses on the experiences of having to pay bribes to receive public services.

As the definition of corruption in this dissertation extends beyond the scope of malfeasant behaviour by politicians and includes also politicians' efforts to regulate against corruption, the use of a measure of corruption that captures the regularity of bribe-making across a range of government-offered public services serves as an appropriate measure of this aspect of governmental corruption. Governments and legislators regulate the environment in which bribes are extracted. To this degree, the state government oversees regulations, requirements and controls that enhance or diminish opportunities for corruption (Fleisher 2010). The solicitation of bribes and kickbacks, as captured by various questions in the ENCBG survey, becomes possible when government regulations have perpetuated environments where bribes can be extracted from citizens. For this reason, the measure of bribe-making across public services in Mexican states is a good way to gauge the prevalence of governmental corruption more broadly. As the other case study chapters of this dissertation focus more closely on malfeasance of politicians, as opposed to the efforts made by politicians to curb corruption, I also considered probing this specific relationship between dominance and governmental corruption. However, the nature of the Mexican political system, which prevents consecutive re-election of any politician at all levels of government, complicates the design of such a variable. Because all politicians are in essence forced to retire after one term, voters cannot use retrospective voting in punishing a politician if he had acted malfeasantly. It is for this reason that I focus on the broader definition of corruption which includes efforts or failures to curb corruption in the system and which, in the Mexican case, prioritises the party above the politician.

In line with my broader theory of governing party dominance of levels of corruption, I anticipate that in those states where there is no dominant party, voters will punish the incumbent if they perceive the levels of public sector corruption to be high. In dominant party systems, on the other hand, voters face a greater challenge in mounting a coordinated challenge to the incumbent and will be less likely to punish the incumbent party for not improving corruption scores. States that have no experience in non-PRI rule are more likely to retain some of the inbuilt institutional features that favour the PRI electorally – increasing the dominant party's electoral margin – even in situations when voters would ideally like to punish the party. For instance, in the state of Hidalgo, minority parties have very little influence in the state legislature and state committees are set up to favour a PRI majority (Beer 2001), which means that the state's governor and PRI-dominant legislature shape the scope for policy and the institutional environment.

When considering the influence of corruption on vote share, I have to take into account two temporal limitations of the dependent and independent variables. Firstly, there exist only a limited number of corruption surveys, which take place in 2001, 2003, 2005, 2007 and 2010 respectively. In order to gauge the effect of corruption, I consider the survey score that has most recently taken place before the election. For examples for election years 2001 and 2003,[134] I consider 2001 survey results.[135] Secondly, as mentioned earlier, subnational elections – at gubernatorial and state legislative level – do not occur simultaneously across the country. I consider two electoral cycles in this analysis, with the first cycle capturing state gubernatorial

[134] I cannot use the 2003 survey results for the 2003 elections because the survey results were not released to the public until October 2003, well after the 2003 electoral cycle.
[135] Similarly, 2003 survey results are used for 2004 and 2005 elections, 2005 survey results are used for 2006 and 2007 elections, 2007 survey is used for 2009 and 2010 elections and 2010 survey results are used for elections taking place in 2011 and 2012.

elections which were held from 2001 until 2007.[136] The largest proportion of gubernatorial elections in this cycle – 32% – was held in 2004. The second cycle captures elections held from 2007[137] to 2012[138], with 2010 electoral period capturing the most gubernatorial elections – twelve (39%).

The combination of these two temporal bounds means that the comparability of my measurement between states is to some degree undermined. Because of the difference in survey dates, some corruption information is dated by the time of elections, suggesting that those voters who had only recently been made aware of the state's performance in public corruption would have a different treatment than those who were made aware of this three years before (as is the case for the 2007 survey and 2010 elections). In order to address this temporal concern, I use a formula to weight corruption scores so as to take into account the time that has passed since the survey results were made public and the election. The weighting formula is as follows:

$$[1 - p(\frac{m}{m_{max}})] \times x$$

where p is the percentage cut-off (for instance, 10% would be represented as 0.10), m is the number of months between the release of the corruption survey and the gubernatorial election, m_{max} is the maximum number of months between the release of the corruption survey and the gubernatorial election, and x is the corruption value; with the value furthest away from the

[136] During this cycle, one election (3%) was held in 2001, six state elections (19%) were held in 2003, ten (32%) in 2004, seven (23%) in 2005, five (16%) in 2006, and two (6%) in 2007.
[137] There is slight overlap with one election (Baja California) from the second cycle being held in 2007. This is the only state that overlaps the two cycles.
[138] During this cycle, one election (3%) was held in 2007, six state elections (19%) were held in 2009, twelve (39%) in 2010, six (19%) in 2011, and six (19%) in 2012.

survey gauged at the given percentage of the original value. In this formula, the percentage cut-off is divided by m_{max} – in this case 38 – from the release of survey findings to election day. This treatment means surveys released more recently are weighted against this threshold. I subtract from 1 in order to model this diminishing effect over time. For example, the same raw corruption score of 5.7 [139] is recorded for Chihuahua and San Luis Patosi. However, the gubernatorial election in Chihuahua took place nine months after the release of the ENCBG survey and the election in San Luis Patosi was held 24 months after the survey results. At the 10% cut-off, the Chihuahua score would change to 5.57, while the score for San Luis Patosi would be reduced to 5.34, as a result of the greater amount of time passing. The higher the percentage cut-off – which in essence weights time against corruption – the bigger the difference between original scores will be. So the same score of 5.7 would be transformed to 4.69 for Chihuahua and 3.0 for San Luis Patosi if the cut-off was 75%.This treatment of the dependent variable allows me to overcome the temporal issues and increase the levels of comparability between different data points in the dataset.

Because I anticipate that the relationship between governmental corruption and the incumbent's vote share is conditioned by governing party dominance, I include an interaction term for dominance and each weighted corruption iteration. Dominance is captured by a dummy variable, where the value of 1 indicates that the governor's party has been in government for at least two

[139] The overall score for corruption ranges from 0 to 100, with higher values indicating higher corruption values. Because the ENCBG index aggregates and weights the scores relating to bribe-making across 35 public sectors, the scores in reality are lower. For the two electoral cycles under examination in this chapter, the scores range from 2.3 to 18, with 18 gauging very high levels of corruption.

elections prior to the election under consideration.[140] In line with the above-outlined theory, I expect that voters in non-dominant party states will punish the incumbent gubernatorial party when overall levels of corruption are high. In states with dominant governing parties, corruption should not have a significant effect on the vote share of the incumbent party.

Control Variables

My empirical specification includes control variables that have been shown to affect the incumbent's vote share. Because economic factors have been proven to have an effect on the vote share, I include *GDP growth* from one election to the next.[141] Because I look at the changes to vote share, I include *the effective number of parties (ENEP)* as one of my controls. A higher number of parties in the state should negatively affect the incumbent's vote share, as there are more competitors vying for citizens' votes. I also lag *ENEP* by one election to ensure that the effects of ENEP and dominant party are not confounded in one election cycle. To gauge the popularity of the incumbent I include the incumbent's vote share in the previous election (the vote share that resulted in the incumbent's election). I expect that as the previous vote share for the incumbent rises, so does the incumbent's vote share in the current election. Following Krause and Mendez (2009), I consider government *unity* as a political control which can potentially influence vote share. The *unity* dummy captures whether the state legislature and the governorship are occupied by representatives of the same party at the time of election (1) or not (0). I anticipate that the vote share for the incumbent will be improved if the party with the largest share of seats in the legislature is the same as the governor's party. Lastly, building on

[140] The general temporal scope for dominance tends to favour three elections; however, Mexico's terms for governors are quite long – at six years – which means that the overall number of years adds up to 12, which is the actual threshold for years applied by other experts.
[141] I also looked at rates of unemployment, but this variable is not significant and I exclude from the models due to the already low number of observations.

research that proposes that countries with higher proportions of indigenous populations fragment the vote (Madrid 2005; Rice and Van Cott 2005), I include an *indigenous population* measure. I expect that as the share of the state's indigenous denizens rises, the incumbent's vote share decreases.

Regressions and Analysis

To derive the statistical relationship between these variables, I employ OLS regression. The choice of the OLS model is caveated by two considerations. Firstly, as described above, I transform the dependent variable – incumbent vote share – in order to ensure that the measure is unbounded. The second empirical challenge derives from the panel structure of the data, which temporally violates the OLS assumption that individual observations are independent from each other. With two electoral cycles across 31 states, I am left with 62 observations, and as I look at elections from the same states over electoral periods, they are invariably linked. In order to manage potential sources of correlation between data points I use clustered robust standard errors. I proceed with OLS regression having considered and addressed these two empirical challenges.

[Insert Table 6.4 here]

Table 6.4 presents five models that capture the relationship between different weighted iterations of corruption – 10% to 50% cut-offs – and gubernatorial incumbent vote share in Mexican states. Models 1 and 2 – which use the 10% and 20% weighted corruption scores respectively – indicate a significant negative effect of corruption on vote share, suggesting that higher corruption scores

reduce the incumbent party's vote share. The interaction measure of dominance and corruption shows that in dominant party systems corruption positively and significantly affects the incumbent's vote share. However, the coefficient of the interactive variable suggests that the effect of corruption on vote share is effectively zero in dominant party contexts. These findings are precisely in line with my expectations. Higher levels of corruption, weighted for the passage of time between the distribution of the corruption survey report and the election, negatively affect the vote share in systems with no patterns of dominance and have no effect in dominant party systems. Turning to controls, *GDP growth* surprisingly has a negative effect; however it is not a significant indicator. The indicator for the lagged effective number of parties has a negative coefficient, confirming my expectation that as the number of effective parties in a state increases, the incumbent vote share is reduced. ENEP is significant at the 10% level across all model specifications. The incumbent party's vote share in the previous election has a significant positive effect on the vote share in the current election, as anticipated. Unity in the governance of the governor's office and the state legislature significantly improves the incumbent's vote share. The proportion of the indigenous population in the state has a negative effect, but is not significant. The R-Squared for models 1 and 2 is 0.50, which is a relatively good fit.

The remaining models – 3, 4, and 5 – closely reflect the findings captured in models 1 and 2, whereby all variables of interest retain their signs and remain significant. However, as the weighting percentage for time increases, there is a noted reduction in the significance levels from 5% to 10% for the corruption measure. The weighted measure is an important means to capture variation between states in relation to the amount of time that has passed between the release of public corruption survey results and gubernatorial elections. However, voters' perceptions of

corruption never diminish to zero and, at a certain point, they plateau. In this sample, corruption score weights above 60% lead to the loss of significance on the corruption indicator, suggesting that the plateau effect at this cut-off.

To test the robustness of my results, I ran the above models using three other specifications, which I do not include here. In the first case, I reversed the dominance dummy to capture non-dominance. The results across all weighted iterations of corruption were the same. I also used a multi-level random intercept model, which employed random intercepts at state level to account for unobserved variance between states and utilised the remaining explanatory variables at the lower level of elections. The results of these random intercept models were substantively the same as the results presented in the benchmark specifications, confirming that corruption generally decreases vote share, as voters punish malfeasance and its tolerance by politicians, in non-dominant systems. In dominant party systems, levels of corruption have no effect on vote share, suggesting that voters in these systems face greater challenges in casting a vote against an incumbent that tolerates corruption. Lastly, to supplement the findings of the multi-level models, I reran the original OLS models adding state literacy, unemployment and GDP per capita indicators, as potential modernisation factors which could impinge on citizen levels of awareness and ability to gauge levels of corruption, to further probe sub-national variation which may account for different levels of corruption levels. None of these variables had a significant effect and did little to improve the model. The findings of these models showed the same substantive results as the original regressions. Similar results across different types of model specification lend greater leverage to my hypotheses.

Conclusion

This chapter explored the hypothesis that governing party dominance negatively affects electoral accountability and extends the scope for governmental corruption through limiting voters' ability to access and interpret information regarding their political candidates and reducing their capacity to cast a consequential vote at the polls. Building on the theory that party systems with long-term governing dominant parties reduce accountability by appealing to various broad electoral bases, in essence serving as a catchall party which splits the opposition vote, and through manipulation of political institutions, which enhances barriers to entry for competitors and thus stunt opposition's ability to mount a coordinated challenge to the incumbent, I explored the differences between dominant and non-dominant party systems in 31 Mexican states.

The empirical findings in this chapter suggest that governing party dominance plays a role in shaping the scope for governmental corruption across Mexico's states. In states where patterns of competition were designed along multi-party competition, Mexican voters punished the incumbent party by reducing its vote share as levels of corruption increased. On the other hand, states under governing party dominance saw no difference to incumbent's vote share as corruption levels increased, as voters – which previous research established disapprove of corruption – struggled to unseat incumbents who endured the presence of corruption in the system.

Table 6.3. Vote shares for PRI, PAN, and PRD over Three Election Cycles in Mexican States, (1995-2012)

	PRI	PAN	PRD		PRI	PAN	PRD		PRI	PAN	PRD
Aguascalientes				**Hidalgo**				**Quintana Roo**			
1998	38	53.1	6.9	**1999**	53.4	32*	14.6*	**1999**	44.4	17.4	36.1
2004	35.5*	55.4	6.7*	**2005**	51.8*	11.6	29.5	**2005**	40.6*	22.3*	34.2*
2010	47.7*	42.5	4.4	**2010**	50.3*	45.2**		**2010**	52.4*	15.4	26.2*
Baja California				**Jalisco**				**San Luis**			
1995	42.3	50.9	3.3	**2000**	43.3	45.5	5.2	**1997**	47	39.3	8.6*
2001	36.7	48.7	4.1	**2006**	41.4	45.2	7.8	**2003**	37.6*	42.8	15*
2007	44.1*	50.4	2.3	**2012**	38.4*	20.4	3.4	**2009**	45.4*	41.9*	8.6*
Baja California Sur				**Mexico**				**Sinaloa**			
1999	37.4	6.3	55.9*	**1999**	42.5	35.5*	22*	**1998**	47.5	32.8	18.1
2005	36.1*	8.7	45.4*	**2005**	47.6*	24.7*	24.3*	**2004**	46.9	45.6	4.2
2011	42.4*	51*	0.6*	**2011**	62*	12.3	21*	**2010**	45.4*	51.8**	
Campeche				**Michoacan**				**Sonora**			
1997	48	3.1	41.2	**2001**	36.8	18.5	41.9*	**1997**	41.3	32.4	23.2
2003	40.7	38.8	1.6	**2007**	24.8	33*	37.8	**2003**	46.4*	45.4	6.4
2009	51.2*	43.1	0.8	**2011**	35.4*	32.7*	28.9*	**2009**	43.6*	47.6	3.9
Chiapas				**Morelos**				**Tabasco**			
2000	46.9	52.7**		**2000**	27.4	55.1	12.8	**2001**	57.5	2.6	38.7
20006	46.4*	2.5	47*	**2006**	26.6*	35.2	31.3	**2006**	50.7	2.1	45.9
2012	67.1*	9.3	17.4*	**2012**	34.6*	15.4	43.3	**2012**	51.8	3.5	42.2
Chihuahua				**Nayarit**				**Tamaulipas**			
1998	49.3	41.4	5.4	**1999**	44.8	52.9**		**1998**	54.9	26.6	16.1
2004	56.5	41.4*		**2005**	46.2	6	42.3*	**2004**	57.6	31.5	7.3*
2010	55.5*	39.1	2	**2011**	45.7*	38.4	10.8	**2010**	61.6*	30.8	2.8
Coahuila				**Nuevo Leon**				**Tlaxcala**			
1999	61.2	34.7		**1997**	42	48.6	3.2*	**1998**	44.3	8.6	46.5*
2005	55.8	33	3.5	**2003**	56.7*	33.8	1	**2004**	33.9*	34.9*	28.4*
2011	60.1*	35.2	1	**2009**	48.8*	43.6	3.4	**2010**	46.5*	38.9*	4.9*
Colima				**Oaxaca**				**Veracruz**			
1997	41.5	37.1	15.9	**1998**	48.8	10.4	37.4	**1998**	49	27.1	17.9
2003	41.6	34.3	15.9	**2004**	47.2*	44.6**		**2004**	34.6*	33.7	28.2*
2009	50.9*	44.5*	2.1	**2010**	41.9*	50.1**		**2010**	43.5*	40.6*	13.2*
Durango				**Puebla**				**Yucatan**			
1998	39.9	30.3	8.4	**1998**	55.5	29.7	11.2	**2001**	45.5	27.1	17.9

2004	52.6	31.4	10*	**2004**	49.6	36	5.6	**2007**	49.9*	33.7	28.2*
2010	46.5	44.6**		**2010**	40.1*	50.4*		**2012**	50.8*	40.6*	13.2*
Guanajuato				**Queretaro**				**Zacatecas**			
2000	34	56.5	6.7*	**1997**	40.1	45.3	7.4	**1998**	38.5	13.2	44
2006	26.2*	61.9*	10.8*	**2003**	42*	45.7	6.6	**2004**	33.4*	14.6	46.4
2012	41*	48*	5.2	**2009**	47.4*	42.2	1.9	**2010**	43.2*	17	23.2*
Guerrero											
1999	49.6*	1.7	47.9*								
2005	36.7*	0.9	48*								
2011	42.7*	1.3	55.8*								

Source: Instituto de Mercadotecnia y Opinion (http://imocorp.com.mx). *=the party ran in a coalition; **=PAN and PRD ran in the same coalition

Table 6.4. OLS Estimates of Determinants of Vote Share in Mexican states over Two Election Cycles, 2001-2012

	Incumbent vote share				
	(1)	**(2)**	**(3)**	**(4)**	**(5)**
Corruption 10%	-0.0528**				
	(0.0239)				
Dominance	-0.128	-0.136	-0.121	-0.107	-0.0987
	(0.195)	(0.198)	(0.213)	(0.218)	(0.214)
Corruption 10%*Dominance	0.0705**				
	(0.0285)				
Corruption 20%		-0.0572**			
		(0.0256)			
Corruption 20%*Dominance		0.0756**			
		(0.0299)			
Corruption 30%			-0.0582*		
			(0.0290)		
Corruption 30%*Dominance			0.0773**		
			(0.0330)		
Corruption 40%				-0.0604*	
				(0.0317)	
Corruption 40%*Dominance				0.0797**	
				(0.0354)	
Corruption 50%					-0.0646*
					(0.0336)
Corruption 50%*Dominance					0.0839**
					(0.0371)
GDP Growth	-0.00477	-0.00482	-0.00468	-0.00462	-0.00463
	(0.00380)	(0.00378)	(0.00372)	(0.00372)	(0.00377)
Lagged ENEP	-0.111*	-0.110*	-0.109*	-0.109*	-0.108*
	(0.0647)	(0.0637)	(0.0630)	(0.0623)	(0.0615)
Lagged Incumbent Vote Share	0.0146**	0.0147**	0.0155**	0.0157**	0.0154**
	(0.00644)	(0.00649)	(0.00625)	(0.00628)	(0.00656)
Unity	0.200**	0.200**	0.189**	0.188**	0.196**
	(0.0845)	(0.0833)	(0.0792)	(0.0790)	(0.0815)
Indigenous population	-0.00287	-0.00288	-0.00251	-0.00247	-0.00276
	(0.00256)	(0.00257)	(0.00234)	(0.00233)	(0.00258)
Constant	-0.372	-0.365	-0.419	-0.444	-0.433
	(0.478)	(0.480)	(0.460)	(0.464)	(0.493)
Observations	62	62	62	62	62
R-squared	0.502	0.504	0.500	0.501	0.506

Note: Robust clustered standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Chapter Seven

Conclusion

This dissertation sought to shed light on the under-explained phenomenon of why voters in democratic countries sometimes select politicians who are corrupt or who tolerate corruption by other actors in the political system. It is generally understood that voters disapprove of corruption and, if given the opportunity, would select clean politicians to office, which makes the failure of voters to sometimes secure clean governments all the more perplexing. In the preceding chapters I hypothesised that the existing body of scholarly work has overlooked party systems, a critical institutional component, which has been shown to condition the relationships between voters and politicians.

In this dissertation, I applied a principal-agent framework to investigate governmental corruption, in order to bridge the disjuncture between the empirical work on corruption and the theoretical literature on electoral accountability. This approach demonstrated that the latitude for governmental corruption is significantly conditioned by the effectiveness of elections in enhancing voters' (the democratic principals) ability to control their political agents. I argued that variation along three dimensions of party systems – institutionalisation, fragmentation and governing party dominance – affect the effectiveness of elections as instruments which voters can use in order to meaningfully select and control politicians. Party systems condition voters' relationship with politicians in two important ways: a) by structuring the availability of information regarding the quality of political candidates, which can help voters to distinguish between parties and candidates who see curbing corruption as a policy priority and those who do not; and b) by structuring the effectiveness of voter choices, which allow voters to avoid the

election or re-election of politicians who perpetuate or tolerate corruption. The theoretical foundation of this dissertation purports that the greater the party system features enhance the effectiveness of electoral accountability – through mitigation of adverse selection and moral hazard agency problems – the more limited is the system's scope for corruption.

In employing a mixed-methods research design, this dissertation draws on the strengths of quantitative and qualitative methods to 'improve the quality of conceptualisation and measurement, analysis of rival explanations, and overall confidence in the findings of the central study' (Lieberman 2005: 436). The correlations from the large-N analysis offer support to my hypotheses that those party systems which enhance voters' access to information regarding political candidates and parties and which effectively structure voters' capacity to cast a meaningful vote provide the contexts in which levels of corruption are reduced. Significant correlations were established between corruption and party systems with high levels of institutionalisation and moderate levels fragmentation. Contrastingly, weakly institutionalised, highly fragmented party systems and party systems with prolonged periods of governing dominance were significantly associated with worse levels of corruption. The internal validity of these correlations was tested through the examination of these party system effects on governmental corruption in nested case studies of Panama, India and Mexico, providing a more robust test to this study's theoretical foundation.

The Panama case study explored the effects of party system under-institutionalisation on informational asymmetries between voters and politicians and the impact on voters' electoral choices. The Panamanian party system's low average age of parties, high levels of electoral

volatility and the ease with which politicians can abandon parties to join new ones complicate the country's voters' ability to make effective choices at the polls, thus enhancing the opportunities for politicians to misbehave and extending the latitude for corruption. The findings in this chapter suggest that the inchoate nature of Panama's party system enables those politicians who face allegations of corruption to evade responsibility by virtue of obscuring lines of responsibility. The country's fluid system leaves voters to face complex electoral decisions that require them to weight the benefits and disadvantages of voting for their preferred party, party alliance, or politicians. This allows Panamanian politicians to frequently escape unpunished and return to public office.

To probe the effects of party system fragmentation, I explored inter-district variation corruption in Uttar Pradesh, India's most populous state. My empirical analysis showed that in moderately fragmented district-level party systems voters were able to identify and punish malfeasant political candidates, reflected in the reduction of the candidates' vote share. Voters are more likely to gather and interpret relevant information regarding the quality of their candidates when they can clearly distinguish candidates from one another. A moderate number of district candidates would allow voters to consider the qualities of all those candidates running, likely basing their decisions on the informational cues provided by parties. In contexts of moderate fragmentation, voters would also be more likely to be successful in coordinating on a challenger if they wanted to punish a malfeasant incumbent. As hypothesised, voters in highly fragmented party system contexts struggled to identify and punish malfeasance. In part, this result came about from the fact that the increased number of candidates raised the information costs in

voters' assessment of the political incumbent and numerous challengers, as the raised number of parties implied a reduction in the quality of information available to voters.

I explored the effects of governing party dominance across 31 states of Mexico, a country which has endured one of the longest periods of consecutive governing party dominance. The loss of the PRI's national mandate in the 1990s and 2000s led to the regional unevenness in the levels of governing party dominance across states, providing an opportunity to explore the effects of such variation on governmental corruption. The findings in this chapter lend support to the theory that party systems with long-term governing parties inhibit accountability by reducing voters' ability to coordinate on a challenger by virtue of occupying a catchall position. Additionally, in the case of Mexican states, party systems with dominant parties were able to reduce electoral accountability and diminish their voters' ability to effectively punish them for tolerance of corruption because they could enhance the barriers to entry for competitors and, thus, restrict the capacity of the opposition to mount a coordinated challenge on the incumbent.

Contributions

Theoretical Contributions

The findings of this dissertation provide a contribution to scholarly work in three broad fields of comparative government. Firstly, this thesis contributes to the literature on institutional determinants of corruption, which has so far focussed overwhelmingly on the effect of constitutional and electoral institutions – namely, regime type, levels of decentralisation, and electoral system variation. My empirical findings underscore the significance of party systems as a key and previously under-researched determinant in governmental corruption in contemporary democracies. While recent work on party systems which has shown that party systems affect

accountability (Tavits 2007; Charron 2011; Keefer 2011) have taken important first steps in emphasising the importance of party systems as institutional mechanisms responsible for improving the scope for corruption, no previous study has explored this in a unified fashion. My approach advances these early intuitions to systemically account for the main impact of the three main dimensions of party system variation on governmental corruption. The findings of this thesis, thus, contribute to the continuing effort by comparative government scholars to improve our understanding of political determinants that condition the latitude for corruption in modern democracies.

The findings of this dissertation also address the literature on political agency by exploring the effects of party system dimensions on accountability linkages between voters and politicians. The empirical findings of the large-N dataset, leveraged by the empirical support in the case study chapters, support the current research on clarity of responsibility which links improved accountability with voters' ability to clearly delineate responsibility for public policy outcomes. Adverse selection and moral hazard problems arise for voters in contexts that enhance informational asymmetries between voters (principals) and politicians (their agents), and that diminish the efficacy of voters' choices during elections. While the research presented in this study addressed both politicians' incentives and opportunities (supply-side) for corruption and voters' capacity to identify malfeasance and punish it (demand-side), it has departed from the standard principal-agent model for corruption in two important ways. Firstly, the scope for political agency was extended not only to include politicians' own behaviour while in office, but also their control of bureaucrats, which captures greater latitude for enhancing or mitigating corruption. Secondly, because the foundational puzzle of this thesis questions why democracies

see the return of corruption politicians, I focus to a great extent on voters and the restrictions that they face when they attempt to make meaningful choices regarding the quality of their politicians and governments.

Lastly, this dissertation adds a theoretical contribution to the study of political and economic effects of party systems. As this dissertation has shown, party system typologies vary across different dimensions and empirical measures and the diffusion of these various concepts has resulted in the conflation of causes with effects of party systems. The weak conceptualisation of party systems and their key dimensions has been problematic for research in political economy and public policy, in which party system variation could potentially be considered an important explanatory variable of accountability. To date, the effects of specific party systems on political and electoral accountability have not been sufficiently studied or understood. This dissertation clearly distinguishes specific features and offers theory and evidence as to how aspects of party systems condition voter information and electoral choices, which in turn shape the efficacy of elections as mechanisms by which to control politicians. To sum up, this thesis does not only offer new insights to scholars of governmental corruption, but also new theory and evidence for students of political agency, political economy and public policy.

Empirical Contributions

In order to test the hypothesised relationships between governmental corruption and party system features, I constructed a quantitative dataset that extended both the geographic and theoretical scope of party system data. This dataset covers party system measures across 91 democracies and has contributed a considerable amount of original content to all three dimensions of party

systems examined in this dissertation. Secondly, the large-N empirical analysis considers the effects of party systems in one model, something that has not been previously undertaken, as party system features are normally studied in isolation. The empirical findings showed institutionalisation, fragmentation and governing party dominance to have independent effects on shaping the scope for governmental corruption. The case studies – whose findings lend further credibility to the large-N results – draw heavily on the uses of large-N statistical techniques and also offer original datasets. The dataset on alleged malfeasance by Panamanian legislators is the first systematic attempt to empirically gauge the levels of corruption in this country, supplementing existing qualitative analysis that speaks to the expanse of corruption in Panama (Guevara-Mann 2011). The dataset examining the malfeasance of Indian Lok Sabha politicians focussed the allegations to corruption-specific instances of criminality, a departure from existing empirical studies using Indian politicians' affidavit information which thus far have only excluded violent offences as a means to narrow the broader category. The dataset used to test the relevant governing dominance hypotheses in Mexico drew on work which has previously tested the effects of inter-regional variation in party dominance on public policy outcomes and added this dimension to test its effect on corruption. This dissertation offers the first of a kind look into this relationship empirically. Additionally, in anticipating a diminishing effect of corruption knowledge on their incentives to punish corrupt politicians as time between survey results and election becomes greater, I used a time-weighted analysis that captured this relationship. The results both confirmed the effects of dominance and this diminishing effect. In sum, the empirical datasets constructed in the course of this research provide significant value in systematising party system typology and expanding its scope, as well as offering novel mechanisms and data to explore these effects at case study level.

Implications for Future Research

This dissertation has taken an important first step to conceptualise party system aspects with respect to their relationship with governmental corruption. In addition to clarifying the typology of each feature – whilst probing its effects and significance on corruption – I also engaged with the internal validity of the findings in process tracing the mechanisms behind the hypothesised associations. The findings of this study have a number of important implications for future research and analysis.

Firstly, future research could examine the robustness of the empirical results of this thesis by testing party system features against a different set of corruption indicators at the cross-country level. As any scholar of corruption would appreciate, corruption data – whether of experiences or perceptions – is scarce and often offers only a limited number of countries to explore cross-nationally. As global surveys of experiences of corruption – such as the Global Corruption Barometer – expand their geographic and temporal scopes, future research can be undertaken to see whether party system features affect experiences of corruption in similar ways to the way that they impact perceptions, as analysed here. Secondly, future studies can probe relationships between different underlying measures of party systems and corruption. The sheer scope of this project - coupled with difficulty in locating cross-national data for all the countries of interest – prevented me from systematically testing some of the other measures that describe party system institutionalisation, fragmentation and governing party dominance. For instance, in addition to testing the effects of the party system's aggregate age of parties in the system, institutionalisation could be explored using volatility scores. During this study, party switching emerged as critical

indicator of under-institutionalisation. Further research could be undertaken to investigate how this specific aspect of institutionalisation contributes to overall levels of governmental corruption. Governing party dominance similarly offers multiple avenues for assessing different types of dominance. This aspect of the party system typology is one of the most varied in that dominance is ascribed to various iterations of temporal and dominant rule aspects. New research could potentially probe whether different types of governing party dominance have varied effects on corruption in the way that they shape the relationship between voters and politicians.

Another important way to extend both theory and empirics from the findings of this study is to explore and test how *changes* to the party system can attenuate effects on governmental corruption. This dissertation explored variation across the spectrum of each party system feature, however, future analyses should assess whether a change in the value of the party system feature – for instance improved institutionalisation – in fact can influence the scope for corruption over time. In other words, future studies could investigate the dynamism of party system shifts on attenuating linkages between voters and politicians and, consequently, shaping the scope for both electoral accountability and governmental corruption.

Further research into the relationship between party systems and governmental corruption need not be only cross-national in nature. This dissertation showed the importance of using multi-method approaches featuring case studies. While case studies restrict the generalisability of findings, they provide a rich setting in which to explore the nuanced mechanisms underlying the correlations. Having taken the initial steps to identify some of these correlations, future research should probe the validity of the cross-national and the case study findings in other countries. This

research would benefit from using a variety of cases, including single case studies, paired comparative cases, and examination of variation at the subnational level.

Lastly, the scope of the study's cross-national analysis can be shifted to examine the effects of party systems in hybrid regimes (Levitsky et al. 2010), where the accountability relationship between voters and politicians is likely to be subject to alternative mechanisms than outlined in this dissertation (Schedler 2002) and is more vulnerable to electoral misconduct and manipulation (Lehoucq 2003; Birch 2007; Magaloni 2010). A growing research agenda is focusing on the quality of elections – electoral integrity – to systematically theorise electoral failure and misconduct (Birch 2010; Norris 2013) and to explore the impediments to voters' ability to cast a meaningful vote, which may result from intimidation or manipulation. Future projects could empirically test to what extent such electoral problems could be mitigated, map the typology of electoral fraud and its relationship to governmental corruption, and explore the role of party system features in shaping political outcomes.

The theory and the empirical analyses of this dissertation contribute to several bodies of work in comparative politics, including the literatures on political agency, institutional determinants of governmental corruption, and political and economic effects of party systems. Simultaneously, this dissertation intuits and sets the stage for future research, which can include the testing of the robustness of this study's findings by probing the effects of party systems against different systematic measures of governmental corruptions, exploring different measures of party system features and temporally assessing changes to the nature of countries' party systems and the consequence of these effects on governmental corruption. In short, the findings of this thesis

offer new insights into how party systems can shape the electoral environment for voters and, thus, enhance or inhibit levels of corruption, and also identify new avenues for empirical research and theoretical development.

Appendices

Appendix 3.1: Countries included in the Large-N Analysis in Chapter 3

Albania	Dominican Republic	Latvia	Peru
Argentina	Ecuador	Lesotho	Philippines
Armenia	El Salvador	Lithuania	Poland
Australia	Estonia	Luxembourg	Portugal
Austria	Finland	Madagascar	Romania
Bahamas	France	Malawi	Russia
Bangladesh	Georgia	Malaysia	Slovakia
Barbados	Germany	Malta	Slovenia
Belgium	Ghana	Mauritius	South Africa
Belize	Greece	Mexico	South Korea
Bolivia	Grenada	Moldova	Spain
Botswana	Guatemala	Mongolia	Sri Lanka
Brazil	Guyana	Mozambique	St Lucia
Bulgaria	Honduras	Namibia	Sweden
Canada	Hungary	Netherlands	Switzerland
Cape Verde	Iceland	New Zealand	Trinidad and Tobago
Chile	India	Nicaragua	Ukraine
Colombia	Indonesia	Niger*	United Kingdom
Costa Rica	Ireland	Nigeria	United States
Croatia	Israel	Norway	Uruguay
Cyprus	Italy	Panama	Venezuela
Czech Republic	Jamaica	Papua New Guinea	Zambia
Denmark	Japan	Paraguay	

* excluded from analysis with electoral fragmentation due to lack of data.

Appendix 3.2. Party System Effects: Incentives/Opportunities for Politicians and Agency Constraints for Voters

Party System Feature	Politicians: Incentives and Opportunities	Voters: Informational and Agency Constraints	Empirical Indicators
Party System Institutionalisation (H1)	Weak System Institutionalisation: - Increased party system fluidity, whereby party labels hold lesser value, allows politicians greater opportunities to conceal their malfeasant actions from the voters - lack of party backing may lead to interactions to secure the finances for individual campaigns, resulting in greater potential for malfeasant action, as the delegation chain is influenced by a third party, with no responsibility to the voters	Weak System Institutionalisation: - Lack of institutional history presents voters with logistical and informational issues. Voters are not able to make a meaningful candidate selection at the polls if most of the competing parties are new/young, as they have little or no information on which to rely to establish the intentions of these candidates (adverse selection) - Consistently young parties in parliament suggest that there is a great level of fluidity in the system between elections, which makes it difficult for voters to hold incumbents to account for their actions in office (moral hazard)	Cross-country Empirical Analysis: - average age of parties in the legislature Case study: - average ages of parties in the legislature - changes to the number of parties taking place in each election - number and structure of cross-party alliances - party-switching
Party System Fragmentation (H2)	Very high levels of party fragmentation: - When the likelihood for shared policy responsibility increases (as in a coalition government),	Very high levels of fragmentation: - Too many parties competing present voters with too much unfiltered information, making it	Cross-country Empirical Analysis: - Effective number of electoral parties (ENEP)

	politicians may choose to act in a corrupt manner, understanding the limitations placed on voters in distinguishing lines of responsibility during electoral periods	more difficult to select candidates who intend to remain clean while in office (adverse selection) - When too many parties occupy legislative seats, and the likelihood for a coalition government increases, voters are faced with the difficulty of identifying those politicians responsible for corruption actions while in office (moral hazard)	- Effective number of parliamentary parties (ENPP) <u>Case study:</u> - ENEP - ENPP - Number of nationally-recognised parties - Number of state parties - Number of registered parties
Governing Party Dominance (H3)	<u>Long-term governing incumbency:</u> - No threat of being thrown out of office, due to the governing party's electoral dominance, does not provide politicians with incentives to stay clean and./or regulate against corruption	<u>Long-term governing incumbency:</u> - Continued government dominance leads to electoral restrictions for voters, as they have little effective choice at the polls. Coordination on opposition becomes more complicated also, increasing the likelihood that the malfeasant incumbent will retain his position (moral hazard)	<u>Cross-country Empirical Analysis:</u> - # of years a party (or coalition of parties) has spent in government consecutively <u>Case study:</u> - # of years a party (or coalition of parties) has spent in government consecutively - # of years a party (or coalition of parties) has spent in government consecutively with 50% of the vote share or higher

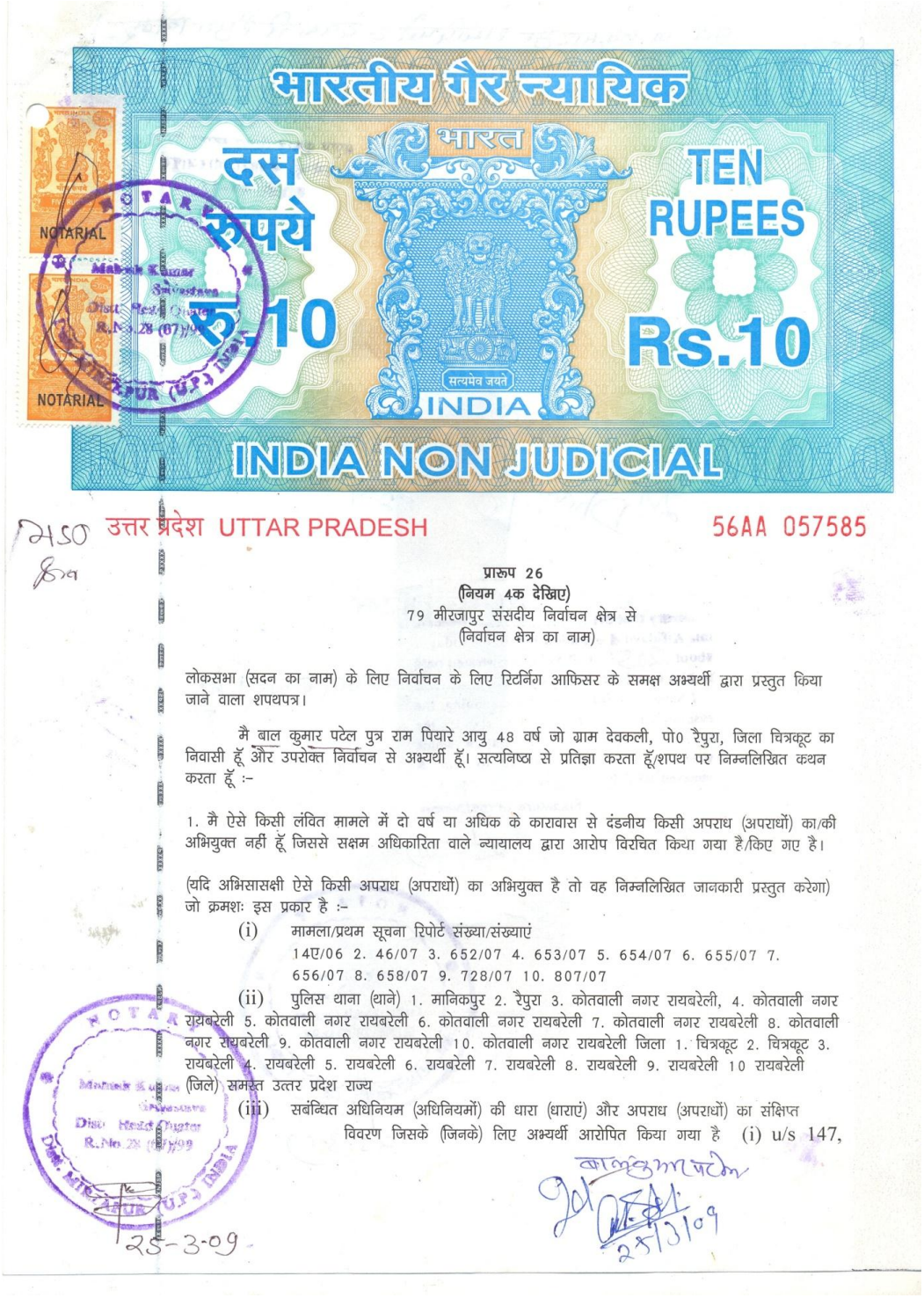
Appendix 4.1: Political Parties in Panama, 1989-2009

Acronym	*Name of Party in English*	*Name of Party in Spanish*
CD	Democratic Change Party	Partido Cambio Democratico
LIBRE	Republican Liberal Party	Partido Liberal Republicano
MOLIRENA	Nationalist Republican Liberal Movement	Movimiento Liberal Republicano Nacionalista
MORENA	Movement of National Renewal	Movimiento de Renovacion Nacional
MPE	Papa Egoro Movement	Movimiento Papa Egoro
MUN	National Unity Movement	Movimiento de Unidad Nacional
PALA	Labour Party	Partido Laborista Agrario
PDC	Christian Democratic Party	Partido Democrata Cristiano
PL	Liberal Party	Partido Liberal
PLA	Authentic Liberal Party	Partido Liberal Autentico
PLN	National Liberal Party	Partido Liberal Nacional
PNP	Nationalist Popular Party	Partido Nacionalista Popular
PP	Popular Party	Partido Popular
PPAN	Panamenista Party	Partido Panamenista
PPD	Panamenista Doctrine Party	Partido Panamenista Doctrinario
PRC	Civic Renewal Party	Partido Renovaction Civilista
PRD	Democratic Revolutionary Party	Partido Revolucionario Democratico
SOLID	Solidarity	Partido Solidaridad
UDI	Independent Democratic Union	Union Democratica Independiente
UP	Patriotic Union	Partido Union Patriotica

Appendix 5.1: Nationally Recognised Indian Political Parties, 1951-2009

Acronym	Name
AAIC(T)	All India Indira Congress (Tiwari)
BJP	Bharatiya Janata Party
BJS 1	Bharatiya Jana Sangh
BJS 2	All India Bharatiya Jan Sangh
BLD	Bharatiya Lok Dal
BPI	Bolshevik Party of India
BSP	Bahujan Samaj Party
CPI	Communist Party of India
CPM	Communist Party of India (Marxist)
FBL(MG)	Forward Bloc (Marxist Group)
FBL(RG)	Forward Bloc (Ruikar Group)
HMS	Akhil Bharatiya Hindu Mahasabha
ICS	Indian Congress (Socialist)
ICS(SCS)	Indian Congress (Socialist-Sarat Chandra Sinha)
INC	Indian National Congress
INC(I)	Indian National Congress (I)
INC(U)	Indian National Congress (U)
JD	Janata Dal
JD(S) 1	Janata Dal (Secular)
JD(S) 2	Janata Dal (Samajwadi)
JD(U)	Janata Dal (United)
JP	Janata Party
JNP	Janata Party
JNP(P)	Janata Party (JP)
JNP(S)	Janata Party (Secular)
JS	Jan Sangh
KLP	Krishikar Lok Party
KMPP	Kisan Mazdoor Praja Party
LKD	Lok Dal
LKD(B)	Lok Dal (Bahuguna)
NCO	Indian National Congress (ORG)
NCP	Nationalist Congress Party
PSP	Praja Socialist Party
RCPI	Revolutionary Communist Party of India
RJD	Rashtriya Janata Dal
RRP	Akhil Bharatiya Ram Rajya Parishad
RSP	Revolutionary Socialist Party
SAP	Samata Party
SCF	All India Scheduled Caste Federation
SOC	Socialist
SP	Socialist Party
SSP	Samyukta Socialist Party
SWA	Swatantra Party

Appendix 5.2: Sample Affidavit from the Electoral Commission of India



भारतीय गैर न्यायिक

दस रुपये ₹ 10

भारत

TEN RUPEES Rs.10

सत्यमेव जयते

INDIA

INDIA NON JUDICIAL

उत्तर प्रदेश UTTAR PRADESH 56AA 057585

NOTARIAL

NOTARIAL

प्रारूप 26

(नियम 4क देखिए)

79 मीरजापुर संसदीय निर्वाचन क्षेत्र से

(निर्वाचन क्षेत्र का नाम)

लोकसभा (सदन का नाम) के लिए निर्वाचन के लिए रिटर्निंग आफिसर के समक्ष अभ्यर्थी द्वारा प्रस्तुत किया जाने वाला शपथपत्र।

मैं बाल कुमार पटेल पुत्र राम पियारे आयु 48 वर्ष जो ग्राम देवकली, पो0 रैपुरा, जिला चित्रकूट का निवासी हूँ और उपरोक्त निर्वाचन से अभ्यर्थी हूँ। सत्यनिष्ठा से प्रतिज्ञा करता हूँ/शपथ पर निम्नलिखित कथन करता हूँ :-

1. मैं ऐसे किसी लंवित मामले में दो वर्ष या अधिक के कारावास से दंडनीय किसी अपराध (अपराधों) का/की अभियुक्त नहीं हूँ जिससे सक्षम अधिकारिता वाले न्यायालय द्वारा आरोप विरचित किया गया है/किए गए है।

(यदि अभिसासक्षी ऐसे किसी अपराध (अपराधों) का अभियुक्त है तो वह निम्नलिखित जानकारी प्रस्तुत करेगा) जो क्रमशः इस प्रकार है :-

(i) मामला/प्रथम सूचना रिपोर्ट संख्या/संख्याएं
14ए/06 2. 46/07 3. 652/07 4. 653/07 5. 654/07 6. 655/07 7. 656/07 8. 658/07 9. 728/07 10. 807/07

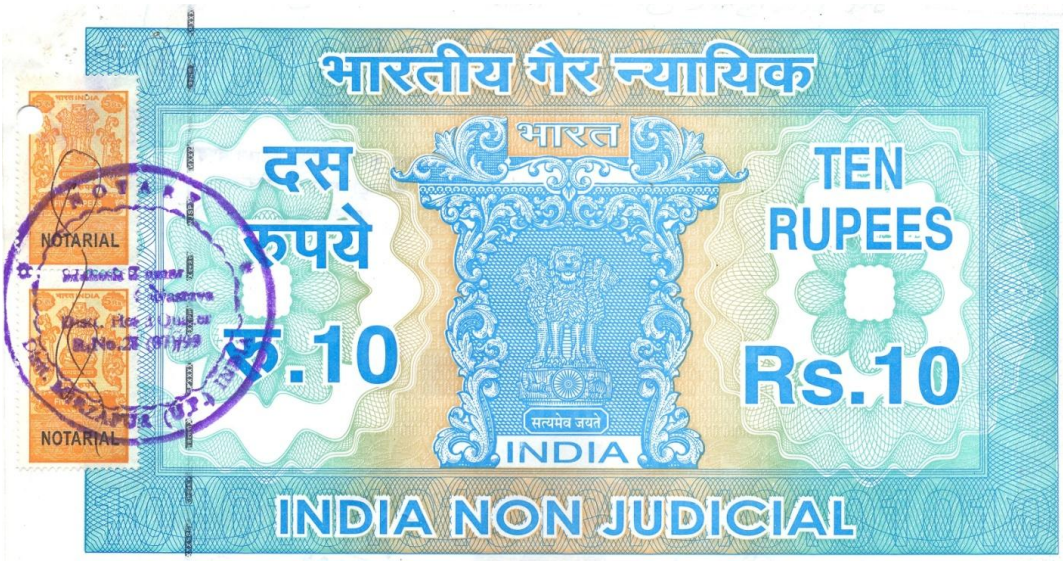
(ii) पुलिस थाना (थाने) 1. मानिकपुर 2. रैपुरा 3. कोतवाली नगर रायबरेली, 4. कोतवाली नगर रायबरेली 5. कोतवाली नगर रायबरेली 6. कोतवाली नगर रायबरेली 7. कोतवाली नगर रायबरेली 8. कोतवाली नगर रायबरेली 9. कोतवाली नगर रायबरेली 10. कोतवाली नगर रायबरेली जिला 1. चित्रकूट 2. चित्रकूट 3. रायबरेली 4. रायबरेली 5. रायबरेली 6. रायबरेली 7. रायबरेली 8. रायबरेली 9. रायबरेली 10 रायबरेली (जिले) समस्त उत्तर प्रदेश राज्य

(iii) सबंधित अधिनियम (अधिनियमों) की धारा (धाराएं) और अपराध (अपराधों) का संक्षिप्त विवरण जिसके (जिनके) लिए अभ्यर्थी आरोपित किया गया है (i) u/s 147,

बालकुमार पटेल

25/3/09

25-3-09



उत्तर प्रदेश UTTAR PRADESH 56AA 057586

ANNEXURE-1
AFFIDAVIT TO BE FURNISHED BY CANDIDATE ALONGWITH NOMINATION PAPER

Before the Returning officer

for election to Member of Parliament (Lok-Sabha) (name of the House)
from 79 Mirzapur (name of the constituency)

I, Bal Kumar Patel son of Ram Piyare .
aged 48 Years, resident of Village-Devkali, Po-Raipura Distt-Chitrkut.
candidate at the above election, do hereby solemnly affirm and state on oath as under :-
(Strike out whichever not applicable)

(1) The following case (s) is/are pending against me which cognizance has een taken by the court .

(i) Section of the Act and description of the offence for which cognizance taken: (i) u/s 147, 506 I.P.C (ii) 147,148,149, 302, 364, 201 I.P.C. & 14 DAD act (iii) 420, 467, 468, 471 I.P.C. (iv) 420, 467, 468, 471 I.P.C. (v) 25/27/30 arms Act. (vi) 25/27/30 arms Act (vii) 25/27/30 arms Act (viii) 147/148/149/447/448/504/506 I.P.C. and 2/3 U.P. Gangester Act. (ix) 420/467/468/471 I.P.C. (x) 406 I.P.C.

(ii) The Court which has taken cognizance: C.J.M Chitrkut. (ii) Spe. Jud Dakaiti Chitrkut (iii) C.J.M. Raebareli (iv) C.J.M. Raebareli (v) C.J.M. Raebareli (vi) C.J.M. Raebareli (vii) C.J.M. Raebareli (viii) Spe Jud. Gang. Act Lucknow (ix) C.J.M. Raebareli (x) C.J.M. Raebareli

(iii) Case No. (i) 2387/06 (ii) St. No 148/07 (iii) 3074/ 2007 (iv) 3075/2007 (v) 3071/2007 (vi) 3073/2007 (vii) 3072/2007 (viii) 101/2008 (ix) 614/2008 (x) 4512/2008

NOTARY Bimesh Kumar Vayastava Distt. Head Quater R.No.22/07/99 Distt. MIRZAPUR (U.P.) INDIA

25-3-09

25/3/09

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