

## PLSC 597B: GOVERNMENT CORRUPTION IN COMPARATIVE PERSPECTIVE

Monday 9:00 – 12:00

236 Pond

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Office hours: Wednesday 10-12  
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“Corruption” is a popular, and often unchallenged, explanation for everything from economic stagnation to bureaucratic delays to unpopular policies. But the concept is actually quite slippery: what acts are corrupt, what acts are legitimate means of influencing political outcomes, and what acts are simply incompetent governance? How do we identify and measure exchanges that all participants are intentionally keeping secret? What harm does corruption actually cause, to whom, and how? How can corruption be curtailed -- or can't it? The course will address the causes and effects of corruption as well as the methodological challenges inherent in studying it.

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### COURSE REQUIREMENTS

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#### GRADE BREAKDOWN

Five homeworks – 60% (12% each)

Draft research design – 5%

Final research design – 20%

Participation – 15%

#### READINGS

Your readings include journal articles from political science and economics. Almost all readings are online; others are located as noted on the syllabus. We will not read any books for this course, but if you are considering working on corruption, you should be familiar with James Scott's *Comparative Corruption*; Robert Klitgaard's *Controlling Corruption*; and Susan Rose-Ackerman's *Corruption and Government: Causes, Consequences and Reform*.

#### HOMEWORK

The homework assignments are described in the course outline in the week that they are due; assignments are due at the beginning of class. You are expected to base your response on course material, and to limit use of outside references. All responses are to be no more than one page, single-spaced. You will be graded on whether you:

- Answer the prompt completely, while remaining within the one-page limit
- Report the arguments and findings of course readings accurately and precisely
- Use evidence judiciously, discounting findings that are based on problematic design
- Provide substantial evidence of original thought
- Express yourself in clear and professional language

#### RESEARCH DESIGN

Your major project for the course is an 8-10 page single-spaced research proposal. The draft is due in the final week of classes, and the final version is due at the end of the term. The final proposal you turn in should be appropriate for submission to the NSF or similar. You will be graded on whether you effectively:

- Describe the study's motivating puzzle and contribution
- Articulate a hypothesis that is well grounded in theory
- Explain how your design tests the hypothesis and allows falsification
- Justify your case selection, measures, data gathering mechanism, and intended analysis

- Develop and describe the salient details of your protocols
- Express yourself in clear and professional language

### CLASS PARTICIPATION

You will receive a participation grade for each of the 15 weeks of the class. You will receive zero points on days when you are absent. You will also receive *no credit* on days when you are silent. You will receive half-credit on days when you speak, but do not contribute substantially to the discussion. You will receive full credit on days when you are prepared, engaged, and insightful.

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### COURSE POLICIES

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- All written material is to be turned in to me in *hard-copy* in 11- or 12-point Times New Roman font. I strongly recommend using standard LaTeX formatting. If you change the font or spacing, I will assume you are trying to compensate for a problem in your assignment, and I will read it with added skepticism.
- Papers shorter than the assigned length will be accepted and graded on their merits; papers longer than required will be penalized.
- Late work loses ten percent per 24 hours late.
- Make-up work and extensions will be granted only when a conflict with the class is legitimate *and* I am alerted to your conflict before the class and/or due-date. I retain sole right to determine whether an excuse is legitimate.
- All grades are posted in Angel before assignments are handed back. It is the student's responsibility to monitor the grades for accuracy.

### ACADEMIC HONESTY

The Department of Political Science, along with the College of the Liberal Arts and the University, takes violations of academic dishonesty seriously. Observing basic honesty in one's work, words, ideas, and actions is a principle to which all members of the community are required to subscribe.

All course work by students is to be done on an individual basis unless an instructor clearly states that an alternative is acceptable. Any reference materials used in the preparation of any assignment must be explicitly cited. Students uncertain about proper citation are responsible for checking with their instructor. In an examination setting, unless the instructor gives explicit prior instructions to the contrary, whether the examination is in-class or take-home, violations of academic integrity shall consist but are not limited to any attempt to receive assistance from written or printed aids, or from any person or papers or electronic devices, or of any attempt to give assistance, whether the one so doing has completed his or her own work or not. Lying to the instructor or purposely misleading any Penn State administrator shall also constitute a violation of academic integrity. In cases of any violation of academic integrity it is the policy of the Department of Political Science to follow procedures established by the College of the Liberal Arts.

Note to students with disabilities: Penn State welcomes students with disabilities into the University's educational programs. If you have a disability-related need for reasonable academic adjustments in this course, contact the Office for Disability Services (ODS) at 814-863-1807 (V/TTY). For further information regarding ODS, please visit the Office for Disability Services Web site at <http://equity.psu.edu/ods/>. Instructors should be notified as early in the semester as possible regarding the need for reasonable accommodations.

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### CLASS TOPICS AND READINGS

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UNIT ONE: Definition and Measurement

Week One : Defining Corruption

- [Peters, John and Susan Welch](#). 1978. Political Corruption in America: A Search for Definitions and a Theory. *American Political Science Review*.
- [Johnston, Michael](#). 1991. Historical Conflict and the Rise of Standards. *Journal of Democracy*.
- [Lambsdorff, Peter](#). 2002. Corruption and Rent-Seeking. *Public Choice*.
- [Philp, Mark](#). 2002. Defining Corruption. *Political Studies*.
- [Warren, Mark](#). 2004. What does Corruption Mean in a Democracy? *American Journal of Political Science*

#### Week Two :Measuring Corruption Perceptions

- [Transparency International](#). 2016. “Technical Methodology Note” and “Source Description”
- [Donchev, Dilyan](#) and Gergely Ujhelyi. 2014. What do Corruption Indices Measure? *Economics and Politics*.
- [Seligson, Mitchell](#). 2005. The Measurement and Impact of Corruption Victimization: Survey Evidence from Latin America. *World Development*.
- [Olken, Benjamin](#). 2009. Corruption Perceptions vs. Corruption Reality. *Journal of Public Economics*
- (Optional) [Chang, Eric and Nicholas Kerr](#). 2009. Do Voters Have Different Attitudes toward Corruption?

#### Week Three :Measuring Corruption Reality

- [Hseih, Chang-Tei and Enrico Moretti](#). 2006. Did Iraq Cheat the United Nations? Underpricing, Bribes and the Oil for Food Program. *Quarterly Journal of Economics*.
- [Cordis, Adriana and Jeffrey Milo](#). Measuring Public Corruption in the United States: Evidence from Administrative Records of Federal Prosecutions.
- [Fisman, Raymond](#). 2001. Estimating the Value of Political Connections. *The American Economic Review*.
- [Olken, Benjamin and Patrick Barron](#) . 2009. The Simple Economics of Distortion: Evidence from Trucking in Aceh. *Journal of Political Economy*.
- (Optional) [Golden, Miriam and Lucio Picci](#). A Proposal for a New Measure of Corruption, Illustrated with Italian Data. *Economics and Politics*.

\* Assignment One (due Friday September 8<sup>th</sup>, rather than in class): You have a theory about corruption that will need to be tested with cross-national data. You are an assistant professor, which means your resources are limited: you have \$10,000, one RA, and three years to conduct a study that will tell us something credible about corruption. How will you measure corruption and why?

### UNIT TWO: Consequences of Corruption

#### Week Four: Economic Costs of Corruption

- [Andrei Shleifer and Robert Vishny](#). 1993. Corruption. *Quarterly Journal of Economics*..
- [Djankov, Simeon et al](#). 2002. The Regulation of Entry. *Quarterly Journal of Economics*.
- [Krislert Samphantharak and Edmund Malesky](#). 2008. Predictable Corruption and Firm Investment: Evidence from a Natural Experiment and Survey of Cambodian Entrepreneurs. *Quarterly Journal of Political Science*.
- [Raymond Fisman and Jakob Svensson](#). 2007. Are Taxation and Corruption Really Harmful for Growth? Firm Level Evidence. *Journal of Development Economics*.
- [Sequeira, Sandra and Simeon Djankov](#). 2014. Corruption and Firm Behavior: Evidence from African Ports. *Journal of International Economics*.
- (Optional) [Paolo Mauro](#). 1995. Corruption and Growth. *Quarterly Journal of Economics*

#### Week Five : Social Costs of Corruption

- [Marianne Bertrand et al](#). 2007. Obtaining a Driving License in India: An Experimental Approach to Studying Corruption. *Quarterly Journal of Economics*.

- [Claudio Ferraz, et al.](#) 2009. Corrupting Learning: Evidence from Missing Federal Education Funds in Brazil.
- [Christopher Anderson and Yuliya Tverdova.](#) 2003. Corruption, Political Allegiance and Attitudes Toward Government in Advanced Democracies. *American Journal of Political Science*
- Zimmerman, Brigitte and Amanda Robinson. 2014. Who Subsidizes Corruption? (On Canvas)
- (Optional) [Nuedorfer, Natasha and Ulreke Theuerkauf.](#) 2014. Buying War, Not Peace: The Influence of Corruption on the Risk of Ethnic War. *Comparative Political Studies*.

\* Assignment Two: Identify a question about the effects of corruption that is raised by and/or remains unanswered in the course material. Why is it a question worth answering? Why do we not already know the answer?

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### UNIT THREE: Causes of Corruption

#### Week Six : Correlates of Corruption

- [Kenneth Meier and Thomas Holbrook.](#) 1992. I Seen my Opportunities and I Took' Em: Corruption in the American States. *Journal of Politics*.
- [Daniel Treisman.](#) 2000. The Causes of Corruption: A Cross-National Study. *Journal of Public Economics*.
- [Jong-sung You and Sanjeev Khagram.](#) 2005. A Comparative Study of Inequality and Corruption. *American Sociological Review*.
- [John Gerring and Strom Thacker.](#) 2005. Do Neo-Liberal Policies Deter Corruption? *International Organization*.
- [Pedro Vicente.](#) 2010. Does Oil Corrupt? Evidence from a Natural Experiment in West Africa. *Journal of Development Economics*.
- (Optional). [Ades, Alberto and Rafael Di Tella.](#) 1999. Rents, Competition, and Corruption. *American Economic Review*.
- (Optional) [Alt, James and David Dryer Lassen.](#) 2003. The Political Economy of Institutions and Corruption in American States. *Journal of Theoretical Politics*.

#### Week Seven: Decentralization

- [Raymond Fisman and Roberta Gatti.](#) 2002. Decentralization and corruption: Evidence across countries. *Journal of Public Economics*.
- [Fan, C. Simon et al.](#) 2009. Political Decentralization and Corruption: Evidence from Around the World. *Journal of Public Economics*.
- [Albornoz, Facundo and Antonio Cabrales.](#) 2013. Decentralization, Political Competition and Corruption. *Journal of Development Economics*.
- [Malesky, Edmond et al.](#) 2013. The Impact of Recentralization on Public Services: A Quasi-Experiment on Abolishing Elected Councils in Vietnam.
- (Optional) [Raymond Fisman and Roberta Gatti.](#) 2002. Decentralization and corruption: Evidence from a US Federal Transfer Program. *Journal of Public Economics*.

#### Week Eight: Elections and electoral competition

- [Persson, Torsten et al.](#) 2001. Electoral Rules and Corruption. *Journal of European Economic Association*.
- [Jana Kunicova and Susan Rose-Ackerman.](#) 2005. Electoral Rules and Constitutional Structures as Constraints on Corruption. *British Journal of Political Science*.
- [Miriam Golden and Eric Chang.](#) 2006. Electoral Systems, District Magnitude and Corruption. *British Journal of Political Science*.
- [Margit Tavits.](#) 2007. Clarity of Responsibility and Corruption. *American Journal of Political Science*.

- (Optional) [Yadav, Vineeta](#). 2012. Legislative Institutions and Corruption in Developing Country Democracies. *Comparative Political Studies*.

\* Assignment Three: Identify two articles from weeks six through eight that come to opposite conclusions about the causes of corruption. Why are their findings different? Who is right?

#### Week Nine: Who is corrupt?

- [Anand Swamy et al](#). 2000. Gender and Corruption. *Journal of Development Economics*.
- [Caroline van Rijckeghem and Beatrice Weder](#). 2001. Bureaucratic Corruption and the Rate of Temptation. *Journal of Development Economics*.
- [Jakob Svensson](#). 2003. Who Pays Bribes and How Much? Evidence from a Cross-Section of Firms. *Quarterly Journal of Economics*.
- [Jennifer Hunt](#). 2006. How Corruption Hits People when they are down. *Journal of Development Economics*.
- [Atalas, Vivi](#), et al. 2008. Subject pool effects in a corruption experiment: A comparison of Indonesian public servants and Indonesian students. *Experimental Economics*.

#### Week Ten: Corrupt cultures?

- [Raymond Fisman and Edward Miguel](#). 2007. Corruptions, Norms and Legal Enforcement: Evidence from Diplomatic Parking Tickets. *Journal of Political Economy*.
- [Abigail Barr and Danila Serra](#). 2010. Culture and Corruption: An Experimental Analysis. *Journal of Public Economics*.
- [Lisa Cameron, et al](#). 2010. Propensity to Engage in and Punish Corrupt Behavior. *Journal of Public Economics*
- Donatella Della Porta and Alberto Vanucci. 2012. Snowball Effects: How Corruption can become Endemic. In *The Hidden Order of Corruption*. (On Canvas)
- (Optional) [Tarafson, Magnus et al](#). 2012. Here's a Tip: Pro-Social Gratuities are Linked to Corruption. *Social Psychological and Personality Science*.

\* Assignment Four: Is there such a thing as a corrupt culture? If so, what is it? If not, what explains persistent variation in corruption across people from different cultures?

## UNIT FOUR: Solutions

#### Week Eleven: Incentives

- [Aidt, Toke](#). 2003. Economic Analysis of Corruption: A Survey. *The Economics Journal*.
- [Rafael Di Tella and Ernesto Schargrodsy](#). 2003. The Role of Wages and Auditing during a Crackdown on Corruption in the City of Buenos Aires. *Journal of Law and Economics*.
- [Claudio Ferraz and Frederico Finan](#). 2011. Motivating Politicians: The Impact of Monetary Incentives on Quality and Performance.
- [Adrianna Cordis and Jeff Milyo](#). 2012. Do State Campaign Finance Reforms Limit Corruption?
- [Neihaus, Paul and Sandip Sukhtankar](#). 2013. Corruption Dynamics: The Golden Goose Effect. *American Economics Journal*.
- (Optional) [Freihe, Tim](#). 2008. Correlated Payoffs in the Inspection Game: Some Theory and an Application to Corruption. *Public Choice*.

#### Week Twelve: Voting the Rascals Out?

- [Claudio Ferraz and Frederico Finan](#). 2008. Exposing Corrupt Politicians: The Effect of Brazil's Publicly Released Audits on Electoral Outcomes. *The Quarterly Journal of Economics*.
- [Sukhtankar, Sandip](#). 2012. Sweetening the Deal? Political Connections and Sugar Mills in India. *American Economic Journal*.
- [Marko Klasnja](#). 2012. Uninformed Voters and Corrupt Politicians.
- [Anduiza, Eva et al](#). 2014. Turning a Blind Eye. Turning a Blind Eye: Experimental Evidence of Partisan Bias in Attitudes toward Corruption. *Comparative Political Studies*.
- [Weitz-Shapiro, Rebecca and Matthew Winters](#). 2014. Discerning Corruption: Credible Accusations and the Punishment of Politicians in Brazil.
- (Optional) [Pablo Fernández-Vázquez et al](#). 2014. Rooting Out Corruption or Rooting for Corruption? The Heterogeneous Effects of Scandals. *Political Analysis and Methods*.

#### Week Thirteen : Auditing and Monitoring

- [Benjamin Olken](#). 2007. Monitoring Corruption: Evidence from a Field Experiment in Indonesia. *Journal of Political Economy*
- [Henrik Kleven et al](#). 2011. Unwilling or Unable to Cheat? Evidence from a Randomized Tax Audit Experiment in Denmark. *Econometrica*.
- [Ritva Reinikka and Jakob Svensson](#). 2005. Fighting Corruption to Improve Schooling: Evidence from a Newspaper Campaign in Uganda. *Journal of the European Economic Association*.
- [Abhijit Banerjee et al](#). 2008. Putting a Band-aid on a Corpse: Incentives for Nurses in the Indian Health Care System. *Journal of the European Economics Association*.
- (Optional) [Mahdavi, Paasha](#). 2014. Extortion in Oil States: Nationalization, Regulatory Structure and Corruption.

\* Assignment Five: Is corruption best controlled from the top down or the bottom up?

#### Week Fourteen : Free Press and Exposure

- [Aymo Brunetti and Beatrice Weder](#). 2003. A Free Press is Bad News for Corruption. *Journal of Public Economics*.
- [Simeon Djankov, et al](#). 2010. Disclosure by Politicians. *American Economic Journal: Applied Economics*
- [John McMillan and Pablo Zoido](#). 2004. How to Subvert Democracy. *Journal of Economic Perspectives*.
- [Eric Chang, et al](#). 2010. Legislative Malfeasance and Political Accountability. *World Politics*.
- (Optional) [Freille, Sebastian et al](#). 2007. A Contribution to the Empirics of Press Freedom and Corruption. *European Journal of Political Economy*.

#### Week Fifteen: Design workshop

\* Bring two copies of your draft proposal

\* Wednesday, Dec 8th, 5:00 PM: Final design due