

Electoral Incentives for Political Corruption under Open-List Proportional Representation

Eric C.C. Chang[†]

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[†]Eric C.C. Chang is Assistant Professor of Political Science, Michigan State University (313 South Kedzie Hall, Michigan State University, East Lansing, MI 48824. email: echang@msu.edu).

Abstract

Despite the considerable attention paid to the aggregate-level determinants of political corruption, until recently little empirical work has attempted to understand what systematic factors drive individual politicians to corruption. To reduce this gap, this paper hypothesizes that under open-list proportional representation in which personal votes are expensive yet critical for politicians to win election, politicians' electoral uncertainty regarding their chances of winning election drives them to corruption in order to finance campaigns. The hypothesis, running against the conventional view that suggests an anti-corruption effect of electoral uncertainty, receives substantial empirical support by individual-level data from pre-1994 Italy.

Because of its far-reaching political and economic consequences, political corruption has spawned much exciting research over the past few years. Despite the considerable attention paid to the aggregate-level determinants of political corruption, until recently little empirical work has attempted to understand what systematic factors drive individual politicians to political corruption. This imbalance is unfortunate since political corruption, commonly defined as the illegal misuse of governmental office for personal gain, is a joint product of structural forces and individual choice. Hence, it is equally as important to study corruption as a social phenomenon as it is to examine the individual level determinants of political corruption.¹

This paper examines empirically how the electoral pressure induced by intra-party competition under open-list proportional representation systems (open-list PR henceforth) might drive the individual legislator to resort to political corruption. Compiling and analyzing data from pre-1994 Italian legislatures, this paper finds that under open-list PR in Italy, incumbents' uncertainty regarding their prospects of winning reelection increased their propensity for corruption. Political corruption becomes a necessary evil because intra-party competition triggers candidates' needs for illegal resources to finance their campaigns.

This paper presents a view contrary to the existing literature which suggests an anti-corruption effect of electoral uncertainty at the system level. The conventional view of corruption posits that the electoral uncertainty helps to discipline politicians while the absence of an electoral threat leads to extraordinary political corruption. However, this traditional view fails to take into account the differences in electoral competition induced by differences in electoral systems and thus does not always hold. This paper posits that under electoral systems in which personal votes are expensive yet critical for politicians to win elections, incumbent politicians' electoral uncertainty drives them to seek illegal

¹Since the inferences drawn from aggregated measurements at aggregate levels can be very different from the ones obtained at the individual level (King 1997), one should be very cautious in making ecological inferences about individual-level corruption from aggregate level analyses.

rents in order to finance campaigns. I argue that, especially for the rank-and-file members who are at the margin of losing reelection, the cost of winning election increases as the need to collect more personal votes increases, in turn increasing legislators' dependence on unlawful resources.

Although the data analyzed in this paper are drawn from a single country, the logic of my argument is general and applicable to other systems where electoral outcomes are determined by personal votes, such as SNTV systems in pre-1994 Japan and Taiwan, other countries that use open-list PR systems², and the United States where in the primary election voters have substantial control over the choice of candidates (Katz 1986). Many parallel studies have also noted the importance of personalistic campaigning in promoting money politics in Japan and pork barrel politics and corruption in Brazil (Geddes and Ribeiro Neto 1992; Ames 1995 (b); Cox and Thies 1998). Thus, this paper identifies an important causal mechanism that is useful for further comparative research.

Aggregate-Level Theories of Political Corruption

Political corruption is considered one of the most destructive yet unresolved problems common to most countries (della Porta and Vannucci 1999), and a large literature has documented the poisonous effects of corruption on a country's political and economic life (Mauro 1995; Seligson 2002; Anderson and Tverdova 2003). Given the consequences of political corruption the empirical research on corruption abounds. In general terms, current empirical research has attributed political corruption to a set of political and economic factors, including political accountability (Rose-Ackerman 1999; Montinola and Jackman 2002; Alt and Lassen 2003), political institutions (Myerson 1993; Persson et al. 2003; Gerring and Thacker 2004), economic competition (Ades and di Tella 1999;

²An incomplete list of the countries that use or have used electoral systems with dominating open-list PR feature include Brazil, Chile, Czech Republic, Denmark, Estonia, Finland, Greece, Italy, Latvia, Luxembourg, Peru, Poland, Slovakia, Sri Lanka, Switzerland and Uruguay.

Treisman 2000; Sandholtz and Koetzle 2000), and globalization (Sandholtz and Gray 2003).

Empirical research on political corruption has benefited from the availability of cross-national data on the perceived level of corruption, with the CPI index (compiled by Transparency International) as the most common example. While these indices deserve credit for making possible a number of empirical studies, the use of country as the unit of analysis in these indices has confined our understanding of the causes of corruption to the aggregate level. Indeed, despite the profusion of analyses addressing the country-level determinants of corruption, there has been little empirical work examining the individual-level determinants of political corruption until recently. However, a fuller understanding of the causes of corruption cannot be obtained without simultaneously looking at the individual choices and structural constraints. Thus, what is needed to complement the aggregate level analyses of corruption is a systematic investigation of individual-level determinants of corruption that accounts for why some individual political actors are corrupt while others remain honest.

An Individual-Level Account of Political Corruption

One central theme in the current literature is that electoral competition reduces political corruption. In this view, electoral competition increases politicians' uncertainty regarding their prospects of remaining in office, which in turn inhibits political corruption by introducing the cost of being thrown out of office into political actors' utility function (Montinola and Jackman 2002). The intuition is that electoral competition functions as a sanctioning device and equips voters to replace politicians who behave corruptly (Przeworski et al. 1999). Moreover, electoral competition increases the risk of exposure of wrongdoing since political opponents have an incentive to discover and expose an incumbent's malfeasance. Thus, the fear of losing office, resulting from a higher risk of

being discovered and punished, reduces rent-seeking politicians' incentives to engage in corrupt acts.

I argue that this traditional view does not take into account the differences in competition induced by differences in electoral systems, and thus does not always hold. Particularly, I argue that under systems where electoral competition takes the form of intra-party competition, uncertainty actually drives politicians, especially the party rank-and-file members, to corruption: an effect opposite in direction from that predicted by the conventional wisdom.

This paper develops a three-step argument that posits a corruption-promoting effect of electoral uncertainty under open-list PR systems. First, electoral competition takes the form of intra-party competition under open-list PR systems, and intra-party competition encourages politicians to seek personal votes. Second, personal votes are dear to candidates. The more personal votes a candidate needs to secure victory, the more likely he will be to seek illegal funds to finance the campaign and thus commit corruption. Finally, a candidate's dependence on personal votes increases with his perceived electoral uncertainty. The greater a candidate's belief that he will lose reelection, the more personal votes he will try to collect in order to win. Taken together, a candidate's electoral uncertainty under open-list PR pressures him into building a bigger campaign war chest, which in turn increases dependence on unlawful resources and hence drives him to corruption. I elaborate this rationale below.

It has been widely acknowledged that electoral systems shape political actors' electoral behavior. One particularly relevant dimension of electoral systems that governs elected officials' behavior is whether competition takes the form of *intra-* or *inter-*party competition. The key consequence of this distinction is that when elections are dominated by intra-party competition, candidates will respond to such competition by seeking personal votes rather than relying on party reputation (Cain et al. 1987; Ames 1995 (a), (b); Carey and Shugart 1995; Samuels 1999). Specifically, when a candidate is not the

only endorsee from his party, he must be distinguishable and convince party supporters to vote for him instead of his party associates. The best way, then, to run successful campaigns is to develop a personal-vote mobilization mechanism and to attract personal votes by delivering constituency services and personal favors. For example, Ramseyer and Rosenbluth (1993) reported that some Diet members in Japan attended twenty-five to thirty funerals and about ten weddings a month. Diet members were also expected to provide a number of constituency services, such as helping supporters to find jobs and mediating disputes.

These arguments about the importance of individual reputation and personal vote seeking under systems like open-list PR have clear implications for political corruption. According to this personal vote view, electoral systems in which personal reputation outweighs party reputation tend to be marked by more corruption. When dependence on the personal vote rises in elections, candidates need more campaign resources to advertise their individual candidacies. However, these personal-vote seeking activities are very costly and the party is unlikely to help. The high cost of elections, therefore, tempts candidates into seeking illegal campaign contributions. As Wertman (1977) reported, in Italy it was almost impossible to win elections without running costly personalized campaigns. Note that Italy is not an isolated case. Rose-Ackerman (1999) reported that candidates in Japan were driven to collect illegal campaign resources because voters' expectation of gifts and other personalized benefits from candidates substantially raised the financial demands of campaigning.

Finally, candidates differ in their desperation for personal votes. Recognizing that idiosyncratic factors might affect candidates' perceived need for personal votes, this paper focuses on more systematic factors and posits that a candidate's dependence on the personal vote increases with his uncertainty about his probability of winning the election. The more pessimistically a candidate perceives his electoral future, the more desperate he gets to collect personal votes in order to win election, and consequently, the more

likely he resorts to illegal resources.

To sum up, the key hypothesis is that *electoral uncertainty encourages politicians to corruption activities under electoral systems that are dominated by the personal vote*. For candidates who are most dubious about their electoral victory, the desire to win election makes them feel more pressures to collect personal votes. Political corruption rises as need for the personal vote increases since building up a personal vote base drives up the cost of elections and increases politicians' dependence on unlawful resources. This hypothesis runs directly against the traditional view which suggests that corruption decreases in tandem with incumbents' perceived electoral uncertainty and that the best way to deter incumbents from corruption is to increase their electoral uncertainty via electoral competition.

Data and Empirical Analysis

To test the hypothesis, the first task is to find a reliable measure of political corruption at the individual candidate level. Commonly used aggregated indices of perceived corruption are not suitable for this study's individual-level analysis. I instead use an alternative measurement based on judicial records (Meier and Holbrook 1992; Goel and Nelson 1998; Golden and Chang 2001; Hill 2003). In particular, I use a dataset on charges of political corruption lodged against Italian members of parliament.³

Measuring Political Corruption

Three reasons motivate this paper to focus on the case of Italy. First, Italy represents the most corrupt case among economically developed countries. It is therefore of great substantive importance to analyze such an extreme case. Second, by focusing on a within-country analysis, this paper implicitly holds constant factors that vary cross-nationally,

³The dataset is compiled by Golden and is available at <http://www.golden.polisci.ucla.edu>.

including culture, geography, and legal system, making it easier to isolate and attribute the sources of corruption to electoral uncertainty.⁴

Finally, Italy provides interesting data on individual level corruption. In Italy, the judiciary is responsible for investigating political corruption among members of parliament. Members of parliament, however, are protected from prosecution by parliamentary immunity unless that immunity is revoked. Recently, Golden compiled a dataset documenting official requests (known as *le richieste di autorizzazione a procedere*, or RAP) transmitted by the Ministry of Justice to parliament to lift a suspected member's immunity, and the information in the requests serves as a useful indication regarding purported criminal behavior by members of parliament.

Hence, I use this judicial record as an index for political corruption and draw on data about Italian legislators to test the hypothesis empirically. I further look at the content of those requests and differentiate the corruption-related charges (such as violations of the campaign financing law, abuse of office, and corrupt action against one's official obligations) from charges that are opinion-based, such as libel and slander. The dependent variable then considers a legislator corrupt in a given legislature if the legislator has been charged with political corruption by the magistrate's office.

One common objection to the use of judicial records as a measurement for corruption is that they are likely to reflect judicial efficiency rather than political corruption (Seligson 2002). Recognizing this weakness, however, I am reasonably confident in the reliability and validity of this measurement for the following reasons. First, the judicial record has also been commonly used to measure corruption in the literature. For instance, many have used judicial conviction as a proxy for corruption in the American states and produced credible findings (Meier and Holbrook 1992; Goel and Nelson 1998; Hill 2003). Second, Golden and Picci (forthcoming) compared the corruption variable

⁴Of course, one caveat of studying any single country is its limitation in developing a universal theory. However, as discussed above, the argument of this paper is applicable to other countries where candidate-centered campaigns prevail and personal votes dominate elections.

based on the RAP with their proposed measurement of objective corruption based on the “difference between the amounts of physically existing public infrastructure and the amounts of money cumulatively allocated by government to create these public works”. They found a positive and significant correlation. Finally, to avoid a spurious relationship between judicial efficiency and political corruption, I use proxies to control for judicial activism and efficiency in the empirical section. I also take into account the possibility that judicial accusations can be politically motivated. This paper’s substantive findings remain unaltered after entertaining these possibilities.

Measuring Electoral Uncertainty

My next task is to find a reliable proxy for candidates’ perceived probability of winning reelection. A meaningful measure, however, cannot be constructed without embedding the notion of electoral uncertainty into the systems under which electoral competition takes place. Up to and including the 1992 election, Italy used the open-list PR system to select its legislators for the lower house, the Chamber of Deputies.⁵ Citizens voted for their preferred party, and were also allowed to express their preferences over the candidates shown on their party’s list by casting preference votes for their favored candidates. In a series of systematic studies of preferential voting, Katz (1985, 1986) argues that the electoral system in Italy allows voters to greatly determine candidates’ electoral fate, and electoral competition under the open-list PR system creates a fight over personal votes among candidates.

In such circumstances, an incumbent’s electoral uncertainty regarding the next election can best be captured by his electoral performance in the last election. Specifically, since personal votes dominate the electoral outcome under open-list PR systems, a legislator should feel relatively insecure in the next election if he won the last election by only

⁵Italy’s smallest district, the Valle d’Aosta, uses the single-member district system because of its size, and is therefore excluded from this study’s analysis.

a narrow margin. As Ames (1995 (b)) forcefully posits, on the basis of the ranking on their party's post-election lists, legislators under open-list PR systems know clearly how close they were to losing in the last election: Those who finished low on the list would surely feel more insecure and more vulnerable than their high ranking colleagues. By the same token, an incumbent would feel quite confident in his electoral fate if he previously won by a large margin.

To measure a legislator's electoral uncertainty induced by intra-party competition, I construct a variable measuring the ratio of victory in the previous election, which is the number of preference votes an incumbent received divided by the number of preference votes for the lowest winner from the same party in that district. Since there exists a direct inverse relationship between the ratio of victory and uncertainty (a legislator's uncertainty decreases as the ratio increases), I create a variable of electoral uncertainty that takes the inverse value of victory ratio. The electoral uncertainty variable has a mean around .76, with a standard deviation of .24 and a range from .02 to 1, and higher values mean a higher level of uncertainty. Therefore, the coefficient of the electoral uncertainty variable should be positive if the theory holds.

I further incorporate into the model a number of additional independent variables suggested in the literature. First, one direct implication from the theory is that corruption is a necessary evil for legislators who want to survive intra-party competition. In fact, many Italian deputies involved in corruption justified their malfeasance by reference to the need to meet the costs of elections (della Porta and Vannucci 2000). Under such circumstances, it is reasonable to conceptualize the electoral competition under open-list PR as a prisoner's dilemma game, where being honest is dominated by being corrupt. The intuition is that a legislator will be prompted to commit corruption if he anticipates competition with corrupt opponents, since it is very difficult for a legislator to get elected by advertising his candor to voters when his opponents are using illegal means to buy personal votes. Thus, corruption can be considered "contagious," since a

legislator will be forced to be corrupt if he campaigns in a more corrupt district, and in equilibrium one might expect widespread corruption. Accordingly, I include a variable which calculates the number of corrupt competitors a legislator competes with in a given district. The corruption network variable represents the magnitude of the pressure to commit corruption induced by electoral competition, and I expect the coefficient to be positive.

Second, legislators' corrupt behaviors can be both demand and supply driven (Goel and Nelson 1998). This paper argues that legislators differ in their demands for illegal funds since their electoral uncertainty varies from one to the next. However, different legislators certainly look different in the eyes of potential bribe payers. Some legislators are more powerful and capable of intervening in the market, creating super profits that cannot be gained within the regular market for private economic actors. From the briber's point of view, these powerful legislators are a better investment. As della Porta and Vanucci (1997) suggest, bribers are more willing to "work with" legislators who have proven powerful and are capable of "getting things done." To capture the notion that legislators are different in their capability of supplying rents and extracting bribes, I measure a legislator's influence and intervening power by including the number of legislative terms he has served. I also differentiate elite legislators from backbenchers if they have ever previously served in party office or served as the party executive. I expect the coefficients of both variables to be positive.

Third, that prosperity reduces corruption is a strong empirical regularity. For instance, Sandholtz and Koetzle (2000) argue that poverty induces incentives for corrupt behavior, since the marginal benefit of corruption is greater in poorer societies than it is in richer ones. Another mechanism suggested by Treisman (2000) is that economically developed countries are more likely to afford the necessities (such as education) to monitor and punish corruption. To gauge the impact of prosperity on corruption, I include the level of economic development, measured by GDP per capita, in the model.

Finally, state involvement in the economy is commonly regarded as an important source of corruption. As Sandholtz and Koetzle (2000) forcefully argue, the larger the state and the greater the extent of state involvement in the economy, the more dominant politicians are in influencing the economic activities in the private market. As a result, state control of the economy gives rise to rent-seeking opportunities and hence corruption. To test the notion that corruption increases in the size of government, I take into account the government's expenditure on public capital and infrastructure.⁶

Model Specification and Empirical Analysis

Recall that the unit of analysis in this study is the individual legislator, and that the question of interest is whether a legislator is charged with political corruption as the result of increased electoral uncertainty. One possibility to model the underlying data generating process is through the grouped duration approach, as suggested by Beck, Katz and Tucker (1998, BKT henceforth). This paper employs this approach. Note that the important characteristic of grouped duration data is that observations are temporally dependent. BKT argue that estimation without considering temporal dependence leads to the underestimation of standard errors, since the data will be forced to reveal more information than they actually contain. Following BKT's suggestion, I include a set of time dummies representing the number of legislatures since the legislator in question was charged with corruption the last time.⁷

Table 1 reports the empirical results. As we can see, the coefficient of the electoral uncertainty variable is significantly positive as expected. The results suggest that a legislator is more likely to be corrupt if he has more doubts about his electoral fortunes.

⁶The data on the GDP per capita and the size of government come from the Centre for North South Economic Research (CRENOS; <http://www.crenos.it/>), and are not available for the period before 1960.

⁷While in the interest of space the coefficients of the temporal dummies are not reported here, the empirical results indicate the presence of temporal dependence. Accordingly, I include the temporal dummies in all subsequent analyses.

Specifically, the chance of the lowest vote-getting legislator committing corruption is .297, which is much higher than the chance for the legislator who won the last election by doubling the preference votes of the former (.095). This result is similar to the finding reported by Ames (1995 (a)), that Brazilian legislators who ranked lower on the final party list in the previous election have more incentive to “work harder” in making more budgetary amendments so as to attract new supporters for the next election.

[Table 1 about here]

The positive coefficient of the network variable suggests that corruption is indeed contagious: a legislator is more likely to be corrupt if he faces more corrupt competitors. This anomalous result is of great theoretical importance and might even be glaring in the eyes of the conventional wisdom. For instance, Wittman (1989) posits that electoral competition ought to reduce opportunism by politicians because of political actors’ reputational concerns. The finding here can easily be reconciled with Wittman’s argument once we take into account the characteristics of intra-party competition. Wittman argues that candidates need to develop reputations in order to get elected. However, it is exactly the need to develop *personal* reputations under open-list PR systems that encourages legislators to seek illegal resources. In addition, while Wittman argues that parties may have incentives to maintain reputations and discipline legislators against corruption, the brand name of party does not help candidates get elected under open-list PR systems, since it is exactly his co-partisans against whom a legislator must compete.

The finding also links this paper to a study by della Porta and Vannucci (2000), who argued that the costs of election in Italy had been self-reinforcing since one candidate’s increase in expenditures leads to increased expenditures by his competitors.⁸ In equilibrium, this ever-increasing war chest results in a vicious cycle, where the increasing

⁸This is also consonant with Cox and Thies’ (1998) study that examines intra-party competition in Japan. Among others, they find that an LDP candidate’s campaign expenditures increase as the number of his party associates in the district increases.

costs of campaigns drive legislators to corruption, and the diffusion of corruption makes campaigns even more expensive (della Porta and Vannucci 2000). Finally, the empirical evidence suggests that those who have greater influence are more likely to be corrupt. On average, an elite legislator is 7% more likely than a backbencher to commit corruption. The results also corroborate that poverty and larger government generate more corruption, as suggested in the literature.

While the empirical evidence in Model 1 appears to correspond to the theory quite closely so far, it is reasonable to suspect that the causal dynamic in Model 1 might not be equally applicable to every legislator. In particular, party rank-and-file members generally face higher risks of electoral loss and hence suffer from higher degrees of electoral uncertainty than party leaders who have typically established and secured their electoral bases. Also, corruption exchanges require both *incentive* and *opportunity* (Kurer 2001), and while this paper primarily focuses on investigating the rank-and-file’s incentive for corruption, it would be interesting to examine the corruption opportunity for those party leaders who are less vulnerable to electoral pressure. As Alt and Lassen (2003) posit, “corruption would be high if the incumbent was ‘too sure’ of continuing in office,” since an incumbent is in effect left unchecked if he knows that he is sure to be reelected. If this is the case, we should observe a U-shaped rather than a monotonic relationship between electoral uncertainty and corruption. That is, those who feel either extremely insecure or extremely secure are most likely to be corrupt.

To disentangle the incentive and opportunity for corruption and capture this curvilinear relationship, I include the square term of the electoral uncertainty variable in the model, and expect the coefficient of the electoral uncertainty variable to be negative and that of the square term to be positive. Model 2 shows this to be the case empirically. To facilitate the interpretation, I use *Clarify* (King, Tomz and Wittenberg 2000) to present the result graphically. From Figure 1, we can clearly see a U-shaped relationship between uncertainty and corruption: Legislators are more likely to become corrupt if they

are either extremely confident of winning or extremely uncertain about their electoral fortune. In essence, the positive coefficient of electoral uncertainty variable in Model picks up incentive for corruption of those party rank-and-file members without considering the characteristics of the party leader and the electorally secure legislators, and the curvilinear relationship in Model 2 captures the opportunity for corruption for the latter group. The finding is consistent with what Rose-Ackerman (1999, p.128) identified as a “paradox of stability”: while too much uncertainty of winning reelection encourages a legislator to be corrupt, too much certainty of victory can drive him to corruption, too.

[Figure 1 about here]

Finally, I perform a series of robustness checks to assure the validity of the empirical results. In particular, I control for the potential influence of judicial inefficiency and political motivation. I also guard against the possibility that the importance of anti-corruption might vary across times and that the same legislator might be charged with corruption multiple times. Although I do not present the results here due to space constraints, the key independent variable, electoral uncertainty, remains highly significant with the expected sign throughout the robustness checking process.⁹

Discussion and Conclusion

The strong corruption-promoting effect of electoral uncertainty that holds irrespective of different models underscores the upshot of this study: under electoral systems in which politicians are in desperate need of (and are forced to compete for) personal votes, electoral uncertainty actually drives politicians to, rather than preventing them from, political corruption. In particular, controlling for the degree of corruption in which electoral competition takes place, the legislator’s capability of assessing rents, the degree of

⁹These results are detailed in the supplementary materials and are available at the web site of *The Journal of Politics*.

judicial efficiency, the possibility of partisan targeting, and the legislator's previous corruption history, the empirical evidence indicates that an incumbent legislator's electoral uncertainty increases his propensity to engage in corruption under open-list PR systems.

This paper establishes a connection between electoral institutions and political corruption by focusing on how electoral competition structures elected officials' electoral concerns, and hence is linked to a growing literature which addresses the relationship between electoral systems and political corruption (Myerson 1993; Persson et al. 2003; Gerring and Thacker 2004). When institutional design puts political actors into a vulnerable situation, it opens the gates for interest groups to use bribes to influence policy. As we have seen, the nature of intra-party competition under open-list PR triggers candidates' needs for illegal resources to fund their campaigning, making political corruption a necessary evil in the eyes of candidates.

If we agree with Riker (1982) that a fundamental objective of democracy is to remove elected officials who are corrupt or abuse their power, then it is vital that we understand why corruption remains prevalent in some democratic countries. Building on the personal vote literature, this paper emphasizes the difference between inter- and intra-party competition. This distinction is helpful in explaining why and under what circumstances political competition fails to reduce political corruption. While the former is helpful in disciplining politicians and repressing corruption, the latter nurtures political corruption in an inevitable way due to the consequentially higher costs of politics. Financial pressures, as Rose-Ackerman (1999) notes, drive politicians to accept illegal payoffs, thus canceling out the disciplining or monitoring effects of competitive elections.

One limitation of this study is that it explicitly attributes corruption to individual choice. However, the individual consideration is undoubtedly shaped by contextual factors. One interesting way to further this study is to consider another important type of electoral uncertainty, that is, the uncertainty regarding which parties will form the government in the next election, and examine its effect on corruption at the system level.

Italy, while being notorious for its personalistic politics and corruption, has also experienced relatively low turnover in its government composition in the postwar era. It is hence reasonable to suspect that the low level uncertainty on government composition might contribute to the systematic corruption in Italy, since the lack of meaningful political alternation might reinforce the dominance of the personal vote and the existing pattern of personalistic politics. This paper only addresses this issue in a partial way, and a fuller treatment regarding how both individual level and system level uncertainty interact together to affect corruption awaits further cross-national investigation.

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Table 1: Estimation Results of the Determinants of Corruption

| | Model 1 | Model 2 |
|--------------------------|--------------------------|--------------------------|
| Uncertainty | 2.7828*** [0.2643] | -2.7534* [1.4633] |
| Uncertainty ² | | 3.8925*** [1.0304] |
| Corruption Network | 0.1174*** [0.0148] | 0.1177*** [0.0148] |
| Number of Terms Served | 0.4733*** [0.1172] | 0.4732*** [0.1173] |
| Elite Legislator | 0.5539*** [0.1047] | 0.4837*** [0.1071] |
| GDP per capita | -31.9803*** [12.0348] | -32.5129*** [12.0651] |
| State Intervention | 0.0003** [0.0002] | 0.0003** [0.0002] |
| Constant | -4.2454*** [0.3275] | -2.4591*** [0.5499] |
| Observations | 2711 | 2711 |
| Prob > LR | 0.000*** | 0.000*** |
| R^2_{Efron} | 0.117 | 0.123 |
| Correctly classified % | 79.75 | 80.01 |

Note:

All tests are two-tailed; standard errors in brackets; * p<.05; ** p<.01; *** p<.001.

Prob > LR = Chi-squared test of all coefficients.

R^2_{Efron} = Efron's R^2 .

All coefficients of temporal dummies are omitted in the interest of space.

Figure 1. Estimated Relationship Between Electoral Uncertainty and Corruption: The Paradox of Stability

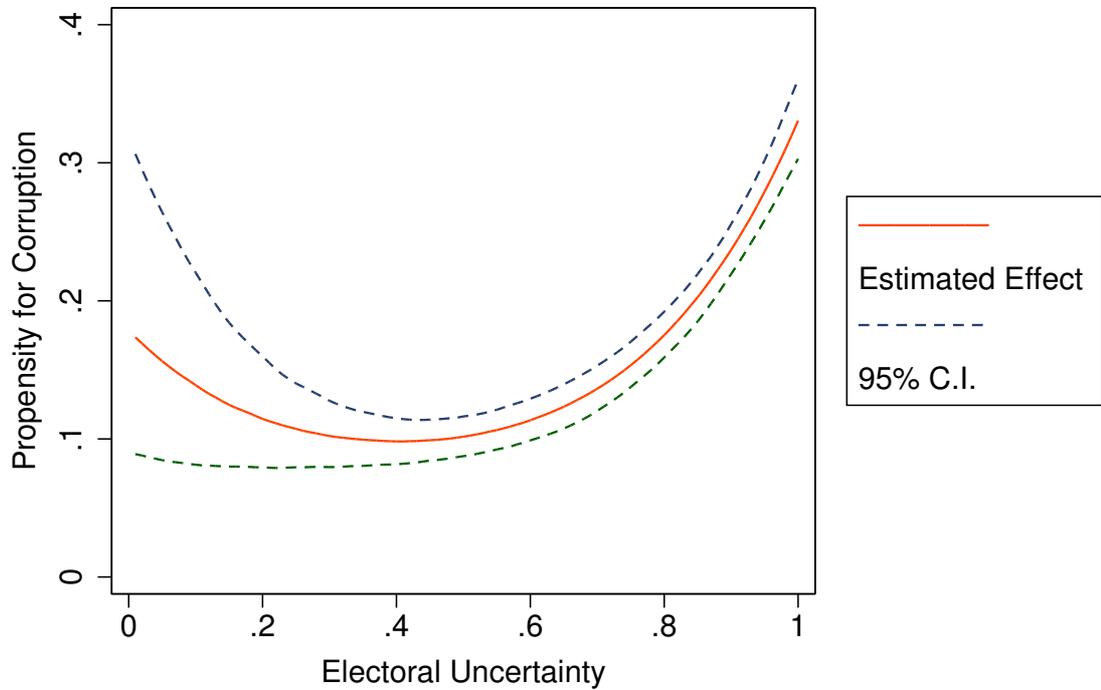


Figure 1 shows a U-shaped relationship between uncertainty and political corruption. The electoral uncertainty variable, ranging from 0.02 to 1.0 with a mean of .76 and the standard deviation of 0.24, is operationalized as the inverse of the ratio of the number of preference votes a deputy obtained and the number of preference votes received by the last winner in the previous election. The results suggest that legislators are more likely to become corrupt if they are either extremely confident of winning reelection or extremely uncertain about their electoral fortune.