

Political Science 259-3
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Spring 2005
Thursday 11-2
Public Policy 2400A
and Bunche 4276

Seminar on Political Corruption

This course studies the causes and consequences of systemic political corruption in both developed and underdeveloped settings. We are interested in knowing why some countries experience widespread political corruption, and what systematic political and economic consequences may follow.

The course begins with a brief introduction in which we consider what we mean by political corruption. We also map its frequency globally. Following that, the quarter is divided into roughly two halves. The first half is concerned with political corruption in a highly developed setting, the Italian. Because of the wealth of data available, we are able to study both the causes and the consequences of extensive political corruption in that context, as well as its links to organized crime. In this half of the course, we attempt to gauge the impact of corruption on overall macroeconomic performance using various indirect strategies of investigation, including attention to the relative impact of corruption on growth in Italian regions. The second half of the course is focused on less developed economies and political corruption. In this section, our attention is on issues of economic development, and how political corruption affects development prospects. We also look at how corruption distorts resource allocation in poor countries, and how it is used by political leaders to reinforce their own power and influence.

The course is designed as a data-analytic seminar, in which students work with real data sets as aids in the process of discovery. For the first half the course, we work with original data on Italy compiled by the instructor, which will be put on the course website. For the second half, we use some of the datasets and lab exercises that accompany David Weil's textbook, *Development Economics*. These are located on the web at http://wps.aw.com/aw_weil_econgrowth_1/.

Students are expected to work in Stata for the course, and the homework assignments will be in Stata. Students are expected to have taken introductory statistics prior to taking this course, and to be familiar with basic statistical techniques, up to and including multiple regression.

There will be six homework assignments during the quarter. These will help students keep up with the course, and will allow you to work with data. In addition to homework assignments, students are required to write a short (15-20 double-spaced page) research paper for the course, due at the end of the quarter. Ideally, you will simply expand one of the homework assignments into a paper. Your paper may be on any relevant topic of your choosing, and may be either cross-national or country-specific. It should involve both systematic data analysis and some appropriate reading of secondary sources beyond

those assigned in the course. You should use one of the datasets you have worked with in this course as the basis for your paper. Indeed, because of the additional work and risk involved, students are discouraged from using other datasets. Final papers are due by the time of the exam period for this course (Monday, June 13, 5:00 pm) at the instructor's office.

I have ordered two books (below) for the ASUCLA bookstore, both of which you should purchase. The Weil book is expensive, but will be central to the course. (You may find it slightly less expensive at Amazon.)

- Donatella della Porta and Alberto Vannucci, *Corrupt Exchanges: Actors, Resources, and Mechanisms of Political Corruption* (Aldine, 1999).
- David N. Weil, *Economic Growth* (Pearson Addison-Wesley, 2005).

Articles that appear on the syllabus may be obtained electronically, and I have indicated the URL for each on the syllabus. (If the URL is missing, I will provide it later.) Items available through the UCLA library website will require on-campus access.

Syllabus

April 7 Course introduction; no assigned reading

April 14 **I. What is corruption, why might it matter, where do we observe it?**

Anne Krueger, "The Political Economy of Rent Seeking Society," *American Economic Review*, June (1974): 291-303.

<http://links.jstor.org/sici?sici=0002-8282%28197406%2964%3A3%3C291%3ATPEOTR%3E2.0.CO%3B2-W>

Paolo Mauro, "Corruption and Growth," *Quarterly Journal of Economics*, 110, 3 (1995): 681-712. <http://links.jstor.org/sici?sici=0033-5533%28199508%29110%3A3%3C681%3ACAG%3E2.0.CO%3B2-Q>

Jens Andvig, "The Economics of Corruption: A Survey," *Studi Economici*, (1991) 43: 57-94. (Not available electronically; two copies will be available in graduate student lounge. Please do not remove them from the lounge.)

Pak Hung Mo, "Corruption and Economic Growth," *Journal of Comparative Economics*, 29, 1 (2001): 66-79.

http://www.sciencedirect.com/science?_ob=MIimg&_imagekey=B6WHV-45BCCVJ-1X-1&_cdi=6860&_user=4423&_orig=browse&_coverDate=03%2F31%2F2001&_sk=999709998&view=c&wchp=dGLbVzb-zSkWb&md5=4c39e944af0870515d6f460db05375c2&ie=/sdarticle.pdf

Andrei Shleifer and Robert Vishny, "Corruption," *Quarterly Journal of Economics*, 108, 3 (1993): 599-617. <http://links.jstor.org/sici?sici=0033-5533%28199308%29108%3A3%3C599%3AC%3E2.0.CO%3B2-8>

Daniel Treisman, "The Causes of Corruption: A Cross-National Study," *Journal of Public Economics*, 76, 3 (2000): 399-457.

http://www.sciencedirect.com/science?_ob=MIimg&_imagekey=B6V76-403W3YS-5-1&_cdi=5834&_user=4423&_orig=browse&_coverDate=06%2F30%2F2000&_sk=999239996&view=c&wchp=dGLbVzz-zSkzS&md5=fb5a0c79604c54f41e959e03e474b967&ie=/sdarticle.pdf

The readings this week are meant to provide an introductory overview to the topic of corruption. We are interested in knowing why corruption might matter; that is, what important outcomes it might systematically affect. For instance, does corruption generally lead to lower economic growth? If so, how did so many wealthy countries — many of which used to be rife with corruption — transition from underdeveloped to

developed? Which countries or regions of the globe are currently marked by high levels of corruption? Who are the actors typically involved in corrupt exchanges? What the main incentives for corruption, and why might levels of corruption vary across countries?

April 21 **II. Corruption in a highly developed country**

Donatella della Porta and Alberto Vannucci, *Corrupt Exchanges: Actors, Resources, and Mechanisms of Political Corruption* (Aldine, 1999), chs. 3-8 (pp. 69-243).

Homework 1, due in class April 21 (3-5 pages, typewritten, double-spaced): What testable hypotheses do you draw from this reading? What data would you need to collect in order to test them? Write out at least five hypotheses that seem plausible on the basis of the research reported by della Porta and Vannucci, describe the data you would need to collect in order to test them, and explain how you would set up the tests. Would your tests necessarily have to be conducted using data drawn from Italy?

April 28 Miriam A. Golden and Eric Chang, "Competitive Corruption: Factional Conflict and Political Malfeasance in Postwar Italian Christian Democracy," *World Politics*, 53 (July 2001), pp. 588-622.
http://muse.jhu.edu/journals/world_politics/v053/53.4golden.pdf

Miriam A. Golden, "Electoral Connections: The Effects of the Personal Vote on Political Patronage, Bureaucracy and Legislation in Postwar Italy," *British Journal of Political Science*, 33 (April 2003), pp. 189-212.
<http://journals.cambridge.org/bin/bladerunner?REQUNIQ=1112652736&REQSESS=3395302&117000REQEVENT=&REQINT1=144642&REQAUTH=0>

Homework 2, due in class May 5 (to be handed out in class April 28). This assignment will involve analysis of Italian data.

May 5 Miriam A. Golden, "International Economic Sources of Regime Change: How European Economic Integration Undermined Italy's Postwar Party System," *Comparative Political Studies*, 37 (Dec. 2004), pp. 1238-74.
<http://cps.sagepub.com/cgi/reprint/37/10/1238>

Miriam A. Golden and Lucio Picci, "Proposal for a New Measure of Corruption, Illustrated with Italian Data," *Economics & Politics*, 17 (March 2005), pp. 37-75.
http://www.golden.polisci.ucla.edu/pdfs/recent_pub/article2.pdf

Eric C.C. Chang and Miriam A. Golden, "Electoral Systems, District Magnitude and Corruption," *British Journal of Political Science*, forthcoming.
http://www.golden.polisci.ucla.edu/pdfs/recent_pub/Elec_Systems_05_04.pdf

Homework 3, due May 19 (to be handed out in class May 5). This assignment will involve analysis of Italian data.

May 12 Democratic Accountability and Corruption

Eric C.C. Chang and Miriam A. Golden, "The Survival of Politicians Charged with Malfeasance in the Postwar Italian Chamber of Deputies," unpublished paper.
http://www.golden.polisci.ucla.edu/pdfs/recent_pub/wasedapaper.pdf

Douglas A. Hibbs, Jr., "Voting and the Macroeconomy," in *Oxford Handbook of Political Economy*, ed. Barry R. Weingast and Donald Wittman (Oxford: Oxford University Press, forthcoming).
http://www.handels.gu.se/epc/archive/00003840/01/gunwpe0144_041017.pdf

James Fearon, "Electoral Accountability and the Control of Politicians: Selecting Good Types versus Sanctioning Poor Performance," in *Democracy, Accountability, and Representation* ed. Adam Przeworski, Susan Stokes, and Bernard Manin (Cambridge: Cambridge University Press, 1999), pp. 55-97. (Not available electronically; two copies will be available in graduate student lounge. Please do not remove them from the lounge.) Skim appendix.

Christopher Achen and Larry Bartels, "Musical Chairs: Pocketbook Voting and the Limits of Democratic Accountability," Princeton University, unpublished paper, 2004.
<http://www.princeton.edu/~bartels/chairs.pdf>

May 18 Note change of class to Wed., May 18 (rather than Thurs.), 8-10 am. Homework 3 due Mon., May 23 by 10:00 am at instructor's office.

III. Corruption in less developed environments

Weil, *Economic Growth*, chs.1, 2 and 12 (pp. 1-45 and 332-63).

Our study of corruption in a developed society raised significant questions about the effects of illegal political activities on economic growth and performance. What about less developed countries? These nations are typically struggling with numerous obstacles to development, including low levels of education, poor health and high disease, civil

conflicts, and ethnic fragmentation. How do government institutions independently contribute to development problems? Can corruption specifically be implicated in hindering economic development? Or is corruption just an artifact of deeper, more fundamental causes of poverty? To begin to answer these questions, we use a framework drawn from development economics.

May 26 Weil, *Economic Growth*, chs. 11 and 13-14 (pp. 299-330 and 364-430).

Ester Duflo and Abhijit B. Banerjee, "Inequality and Growth: What Can the Data Say," *Journal of Economic Growth*, 8 (Sept. 2003): 267-99.
<http://www.springerlink.com/media/BN42D3YRYP0YW0TUMEQM/Contributions/H/1/1/2/H112582107706717.pdf>

Homework 4, due in class June 2: Labs 1A and 12B from Weil. Optional: labs 13B, 14B and 15B.

June 2 Weil, *Economic Growth*, ch. 15 (pp. 431-61).

Daron Acemoglu, Simon Johnson and James A. Robinson, "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*, 91 (Dec. 2001): 1369-401.

<http://links.jstor.org/sici?sici=0002-8282%28200112%2991%3A5%3C1369%3ATCOOCD%3E2.0.CO%3B2-9>

Dani Rodrik, Arvind Subramanian and Francesco Trebbi, "Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development," NBER Working Paper No. 9305 (2002).

<http://papers.nber.org/papers/w9305.pdf>

Jeffrey D. Sachs, "Institutions Don't Rule: Direct Effects of Geography on Per Capita Income," NBER Working Paper No. 9490 (2003).

<http://papers.nber.org/papers/w9490.pdf>

Any single country chapter from Dani Rodrik, ed., *In Search of Prosperity: Analytic Narratives on Economic Growth* (Princeton: Princeton University Press, 2003). (On two-hour reserve in URL.)

June 9 Timothy Besley and Robin Burgess, "The Political Economy of Government Responsiveness: Theory and Evidence from India," *Quarterly Journal of Economics* (Nov. 2002): 1415-51.

<http://www.ingentaconnect.com/content/mitpress/qje/2002/00000117/000004/art00007;jsessionid=29j8eei4uoosa.victoria>

Robert Wade, "The System of Administrative and Political Corruption: Canal Irrigation in South India," *Journal of Development Studies*, 18, 2 (1982): 287-327.

http://bll.epnet.com/externalframe.asp?tb=0&_ug=sid+D51D19E9%2D9D03%2D4D2C%2D90A4%2DDAAE6C834543%40sessionmgr6+CC85&_us=hd+False+SLsrc+ext+or+Date+AAA7&_usmtl=ftv+True+137E&_uso=hd+False+db%5B0+%2Dbuh+C5AC&fi=buh_7142390_AN&lpdf=true&pdfs=&tn=&tp=PC&es=cs%5Fclient%2Easp%3FT%3DP%26P%3DAN%26K%3D7142390%26rn%3D1%26db%3Dbuh%26is%3D0022%2D0388%26sc%3D%26S%3D%26D%3Dbuh%26title%3DJournal%2Bof%2BDvelopment%2BStudies%26year%3D1982%26bk%3DS&fn=1&rn=1&bk=S&EBSCOContent=ZWJjY8Pr5HePprJrvNf4a6Gmr4CPp7aFpK65e6W WxpiDpfKBp621fqOtrbjQ3+151N7uvuMA&an=7142390&db=buh&

Rafael Di Tella and Ernesto Schargrotsky, "The Role of Wages and Auditing During a Crackdown on Corruption in the City of Buenos Aires," *Journal of Law and Economics*, 46 (April 2003): 269-92.

Not available online. (Copies in grad lounge.)

John McMillan and Pablo Zoido, "How To Subvert Democracy: Montesinos in Peru," *Journal of Economic Perspectives*, 18, 4 (Fall 2004): 69-92.

<http://www.ingentaconnect.com/content/aea/jep/2004/00000018/00000004/art00004>

Ritva Reinikka and Jakob Svensson, "Local Capture: Evidence from a Central Government Transfer Program in Uganda," *Quarterly Journal of Economics*, (May 2004): 679-705.

<http://www.ingentaconnect.com/content/mitpress/qje/2004/00000119/000002/art00009>

Jakob Svensson, "Who Must Pay Bribes and How Much? Evidence from a Cross-Section of Firms," *Quarterly Journal of Economics*, 118 (2003): 207-30.

<http://www.ingentaconnect.com/content/mitpress/qje/2003/00000118/000001/art00006>

This week's reading offers examples of micro-level analyses of corruption in less developed countries. Almost all these studies use clever, indirect strategies for measuring corruption. They should inspire you to think of other possibilities.

***** **Final papers due Monday, June 13 by 5:00 pm** *****

Incompletes require prior permission of instructor