Why do voters support corrupt politicians?

Oskar Kurer

Why do voters support corrupt politicians? This question is of vital importance if it is believed that corrupt politicians are often widely popular and that corruption has a detrimental effect on development. The answer to the question shows that democracy is not necessarily a palliative to corruption and that reducing corruption may require political changes that go far beyond the administrative reforms of the “good governance” variety.

This is not to suggest that corruption itself is popular. Indeed, we encounter a widely observed paradox: unpopular corruption and popular corrupt politicians. Despite the apparent aversion to corruption, many voters do support Silvio Berlusconi in Italy, Chart Thai in Thailand, the PRI in Mexico and the Congress Party in India. The paradox deepens when we consider that the “game” of corruption is likely to be negative-sum, thus decreasing the overall gains potentially available to the “players.” Why would a majority of voters support politicians that are likely to impoverish their community, which may often include the majority of these voters themselves?

The question is not a widely discussed one. Indeed, one not infrequentploy is to expunge it by defining democracy in such a way that excludes corruption by definition. Nevertheless, the literature yields a number of suggestions why voters might support corrupt politicians. Much of the clientelism literature attempts to explain the support for corrupt politicians by pointing to voters’ desire for particularistic benefits — politicians “helping the people.” At the same time, it is acknowledged that the majority of those supposedly helped by such practices are impoverished by the corrupt practices of the same politicians. A further twist is added by the claim that patronage systems serve the interest of voters whose income is low and variable. Although plausible, this claim is empirically unsubstantiated. There is little evidence that such “subsistence insurance” influences voting behavior, since it does not seem to have much practical relevance in modern patronage politics. Cultural explanations have similar weaknesses. They are unable to explain the survival of customs that impoverish precisely those who are supposed to
be helped. The cultural explanation is weakened even more if it is accepted that even in non-industrialized countries many people believe that the state ought to treat its citizens impartially. Various forms of elite theories suggest that corruption is related to norms and values of elite groups. However, the little available evidence which attempts to show that elite values and behavior are uninfluenced by societal pressure is not very persuasive. Even if it were so, political changes may still occur if elite values are not homogeneous and if some sections of the elite are willing to respond to the political opportunities generated by societal demands. Perhaps the favorite explanation of corruption relates to "weak party systems." Undoubtedly an empirical link between weak party systems and corruption can be observed, but precisely what this link is and why it exists are less clear.

This chapter proceeds by employing a Schumpeterian market for politics where competing parties offer different policy packages and voters select their preferred options. At its most general, either corruption may reflect the desires of the voters – with which politicians comply – or the voters do not desire corruption but a corruption-free policy package is "not on offer." For obvious reasons the first case – where corruption reflects the desires of the voters – will be called a "demand side," and the second – where a corruption-free policy package is not available – a "supply side" explanation. Major demand-side failures include information failures as to the level and consequences of corruption, the non-existence of alternatives, and collective action problems. On the supply side, barriers to entry seem to play a role in the explanation of democratic failures, albeit as a consequence not of democratic procedures but of their failures. Factionalism might lead to a failure of the democratic process if it results in electoral volatility.

What are the policy implications of this analysis for the debate on "governance"? Concern with "governance" became fashionable again in the late 1980s. In practice, "good governance" is equated with the efficiency of government administration: "the exercise of political power to manage a nation's affairs" (World Bank 1989: 60). This approach has been criticized as being "naive and simplistic" by presenting governance "almost as if it were an autonomous administrative capacity, detached from the turbulent world of politics and the structure and purpose of the state" (Lefthwich 1994: 364). Moreover, it effectively excludes the possibility that the causes of corruption may conceivably be found in the (regular) electoral process itself. If this turns out in fact to be the case, reforms aiming at reducing corruption become a vastly different and much more problematic enterprise than the conventional narrowly focused anti-corruption programs. The beloved administrative reforms – reformed salary structures, administrative modes and procedures, methods of selection and training, the disentanglement of the state from society – are in many cases unlikely to yield the results promised by the designers of these anti-corruption campaigns. In fact, they may be economically deleterious by generating additional ineffective layers of bureaucracy and damaging already sclerotic decision-making processes even further. Good government then hinges on the nature of political processes, and fighting corruption becomes a political task.

The paradox of corruption

This first section suggests not only that supporting corrupt politicians is not in the interest of the average voter, but that such voters do not believe it is morally justified to do so. It thus poses the paradox that corrupt politicians ought not to be popular.

Why do people generally condemn corruption? Is it because they are "natural" Weberians who believe in the principle of an efficient state administration? An answer to this question requires a definition of corruption that plausibly connects corruption to popular morality.

The task is simplified by the fact that we can concentrate on administrative corruption. The question of why voters support corrupt politicians is of interest only in a reasonably functioning democracy. A high level of political corruption, through outright electoral fraud, for example, foils the democratic process; democracy and high levels of political corruption therefore being mutually contradictory. In the main, accordingly, this chapter will focus on administrative corruption.

Why is administrative corruption unpopular? Corruption is generally thought of as breaking bureaucratic rules and regulations. It is difficult to believe that popular rejection of corruption is based on a widespread conviction that administrative rules ought not to be broken – not even in the Western world. It is more likely that people oppose corruption because they feel breaking rules is unjust as it violates fundamental rules of equity that are widely shared: the government ought to treat equally people who are equally deserving. Discrimination unrelated to merit is a matter of the private sphere; in the public realm impartiality ought to reign. Thus, administrative discrimination according to likes and dislikes, ethnic or racial criteria, or social distance, is considered unjust. Administration that is not in accordance with rules therefore conflicts with popular morality. One might argue about the morality of one rule or the other, but disregarding rules habitually and independently of their intent and consequences is not generally considered acceptable. This view of popular sentiment conflicts, as will be seen later, with some cultural views on the origin of corruption. Nevertheless, the widespread condemnation of corruption does lend prima facie evidence to the view that corruption does conflict with popular morality. On what grounds would people condemn it if not for its injustice?

If it is indeed true that corruption is generally considered illegitimate, support for corruption might still be forthcoming if the practice increases
material welfare. How, then, does corruption affect the material welfare of the average voter?

Corruption might affect economic growth through a number of channels. Corruption tends to increase the rate of taxation. Losses of government revenue as well as inefficient expenditures tend sooner or later to force the rate of taxation above the level that would have prevailed in its absence. Higher tax levels in turn influence incentives to save, innovate and invest. Simultaneously, the misallocation of government funds impacts negatively on infrastructure and the provision of public services generally. Misallocation and tax increases may be compounded by a process of increasing rent-seeking: inefficient rules and regulations accumulate in order to increase the scope for bribery, extortion or kickbacks. The level of “corruption tax” may have to be fairly significant to reduce economic growth noticeably. Thailand and Italy provide examples where high levels of corruption have gone hand in hand with rapid economic growth. The critical level has however been exceeded in many sub-Saharan African states where corruption has reduced governments’ ability to maintain public infrastructure and education services, and has left them unable to pay the wages of the public service. The enormous costs to private enterprise imposed by such a “state collapse” are by themselves sufficient to impede significant economic development.

Traditionally – and probably rightly – the danger to economic growth was thought to come mainly not from allocation effects but from the high degree of uncertainty generated by corruption. Classical economists have for centuries pointed to the negative effects of uncertainty on savings and investment. To take a later example, Max Weber believed that the “unpredictability and inconsistency” of such a business environment is compatible with some kinds of capitalist enterprises such as trading firms, but that industrial capitalism requires long-term planning and commitment on account of the large quantity of sunk capital and therefore “is altogether too sensitive to all sorts of irrationalities in the administration of law and taxation” (Weber 1968: 240, 1095). These theoretical conclusions are supported by recent empirical research (Mauro 1995, 1998; Keefer and Knack 1997).

If indeed corruption is deemed morally wrong and tends to decrease the average voter’s welfare, why do corrupt politicians and parties remain in the business of politics?

Voting for corrupt politics: a survey of explanations

The relationship between democracy and corruption has been examined in a number of ways. First, and most easily dealt with, is the “denial thesis” (the next section) which holds that democracy and corruption are incompatible by definition and so the question of why people support corrupt politicians becomes meaningless. The next four approaches, discussed in the subsequent sections, however, provide substantive hypotheses for the prevalence of corruption in a democratic environment. Corruption is desired because of the (expected) material incentives it supplies (although the average voter loses); because norms and values induce people to prefer corruption to administrative rules even if they make themselves thereby worse off (cultural explanations); because problems associated with collective action prevent socially optimal results; or because voters do not have a choice. It will be shown that all these explanations are afflicted with serious flaws.

The “denial thesis”

One way of “proving” that democracy is particularly effective in containing corruption is by way of definition. Thus it is said that...

It is probably fair to argue that democratic regimes, over the long run, engender more powerful antibodies against corruption than systems in which political liberties are stifled. A regime that has frequent elections, political competition, active and well-organized opposition forces, an independent legislature and judiciary, free media, and liberty of expression is bound to generate more limits on the scope and frequency of corruption than one that does not have them.

(Elliot 1997: 11)

Defining “democracy” as an institution that is endowed with an “independent legislature and judiciary” and “well-organized opposition forces” – and therefore stable political parties – leaves very little room for the emergence or persistence of endemic corruption. But what if the judiciary and the political parties are not thus happily constituted? If we are not to deny the label “democracy” to political systems that lack some or all of these antibodies to corruption, the case for an inherent brake on the scope and frequency of corruption weakens considerably.

Another version of this democratic purity thesis eliminates corruption by assuming a particular electoral process. Girling, for example, adopts what Schumpeter called the “classical theory of democracy”: there is a well-defined public good, with democratic processes ensuring its realization (Schumpeter 1976: 250). Corruption, in turn, is equated to actions subverting the public good that originate from two sources: “power corruption” or “the abuse of public power for private ends” by those in government (Girling 1997: 3) on the one hand, and on the other “political-economy corruption” or the “intrusions of economic power” (ibid.: 7). In the latter case “market values” are responsible for the fact that “even politicians of integrity find themselves obliged to compromise between the interests of the public (the common good) and
the interests of the economy (basically, private appropriation by the few)” (ibid.: 9). Thus self-interest of politicians and the forces of capitalist depravity threaten to derail the success of democratic processes; that voters themselves could act in ways detrimental to the general interest is not considered.

James Mill would have heartily approved: “The Community cannot have an interest opposite to its interest. To affirm this would be a contradiction in terms” (Mill 1823: 8). Only “sinister interests” can force democracy from the path of virtue, an idea, alas, that did not survive for long. Where James Mill advocated universal suffrage, annual parliaments, pledges, and election by ballot as guaranteeing “good government,” his son abandoned all these planks of Radicalism precisely because he feared that these instruments of popular control threatened “good government” (Mill 1861). The possibility of democratic failures had to be faced.

**Voters desire corruption: clientelism**

In this tradition of analyzing failures of democratic processes, the clientelism literature establishes a causal relation between democracy and corruption: clients and thus voters desire patronage politics because of the material extra-bureaucratic benefits it supplies. Scott, for one, thought that

As with many “new” electorates, the desire for immediate tangible gain predominates, candidates will find it difficult to provide effective inducements without violating formal standards of public conduct. The pressures to win a majority following make it likely that, in the short run at least, a party will respond to the incentives that motivate its clientele rather than attempt to change the nature of those incentives.

(Scott 1972: 93)

Clientelism and corruption are caused by “the patterns of political beliefs and loyalties that prevail among voters” (ibid.: 104). In the same vein, Riley held that

there was, in the period [after independence], a contrast between individual expectations of the state and ... the “Weberian inheritance”. Citizens regarded the prime duty of politicians to “help their people”, and they viewed the efforts of politicians primarily in instrumental rather than ideological terms.

(Riley 1983: 201)

Considerable evidence supports the observation that clients desired patronage politics and thus corruption. In India, efforts by politicians to create broad organizational support have usually failed “because the ordinary voter has an extremely narrow range of public responsibility and is not willing to give time and effort without the promise of immediate material reward” (Bailey 1963: 135). Similarly, Wade finds the electorate “primarily swayed by material and particularistic inducements” (Wade 1985: 486, 479); “People vote for whom they think can give them the most favor, in a particularistic way” (ibid.: 487).

The Thai political system has produced the “jao pho” (variously translated as “person of influence” or “godfather”), a usually rural businessman engaged in legal and illegal business activities whose success strongly relies on government patronage, who at the same time enters politics either himself or by financially supporting particular candidates (Phongpaichit and Piriyarangsan 1996: 59-61). Why do people vote for the candidate of the “jao pho”? Apparently partly because of the patronage he dispenses: access to schools, health facilities, credit, donations to temples and so on. Votes might be bought outright (Mairsrikod and McCargo 1997: 139). Fraud and intimidation sometimes play their part (Phongpaichit and Piriyarangsan 1996: 94), without, however, being able to explain why the Chart Thai “was most successful in building support amongst the jao pho” and “has been the most successful in electoral terms since the early 1980s” (ibid.: 95).

All these accounts ultimately fail to explain why voters endorse clientelism and corruption. Being “swayed by material and particularistic inducement” (Wade 1985: 486), considering the prime duty of the politicians to “help their people,” and viewing politicians’ efforts “in instrumental rather than ideological terms” do not explain predatory voting patterns if these efforts reduce the clients’ welfare. Undoubtedly some clients do benefit, but the mass of voters lose by these clientelistic practices. The helplessness of this position is nicely illustrated by the claim that the Christian Democratic Party of Catania is “sustained by the support it is able to purchase from its clients in exchange for its distribution of benefits to them .... Their [the aparatchi] survival as patrons, as well as the survival of the party apparatus, depends upon the votes and consensus of the clients” (Caciagli and Belloni 1981: 37). At the same time it is said that the clients’ “interests are subordinate to the interests of the dominant classes” (ibid.: 54).

This fundamental contradiction can be resolved if the assumption that predatory voting patterns reduce the welfare of the clients is relaxed. In principle, clients can gain by attracting a disproportionate amount of benefits and shifting the costs of corruption to non-clients. The more localized corruption is, the more plausible this case becomes. Geographic “pockets” of clientelistic networks can benefit from corruption by establishing financially rewarding links to central government, providing vote banks to national politicians or parliamentary support to governments in
sound empirical evidence establishing the importance of "subsistence form of disaster relief is today generally provided by organizations other compared with alternative sources such as family, social ties or cooperativest subsistence insurance is the optimal means of protection tendency of patronage systems to hamper cooperative effort that tends to threaten the power of the patron is considered. Nor is there any considerable amount of threats and violence. Nor is it entirely clear whether of patronage systems make themselves indispensable by monopolizing access to benefits that would otherwise have been available through ordinary administrative channels. Thus, it is by no means obvious that poverty and variability of income explain the support for corrupt politicians.

Might poverty alone be sufficient to explain patronage systems? Poverty, it is said, breeds “short-termism”: a handout today – at election time, for example – cannot be rejected even if it costs dearly in the future. This is plausible enough if one imagines a starving individual who is offered some sustenance. However, above such a “survival-line” there is no reason to believe that poor people have an extreme time-preference favoring the present. After all, poor peasants with access to credit may not increase indebtedness at extortionate interest rates to the maximum possible level in ordinary times. Nor is there much evidence that the handouts provided are geared mainly at poverty alleviation. What kind of anti-poverty measure is the provision of a basketball court by a Filipino politician, for example? As soon as they are tested, the clientelistic solutions to the paradox of corruption falter.

Cultural explanations

The clientelist literature recognizes that corruption is popular, but fails to explain this popularity if it reduces the material welfare of average voters. Culturalist explanations take a different tack: predatory voting behavior may not maximize material benefits, but leads to the intangible gains that come with upholding deeply held norms and values. In particular, cultural explanations of corruption generally point to one pervasive fundamental traditional social norm: those socially close ought to be treated differently from those socially distant. At the same time, the equality principle that condemns this familialistic norm and distinguishes between the public and private domain has no moral force:

In many societies no such clear distinction exists. In the private sector, gift giving is pervasive and highly valued, and it seems natural to provide jobs and contracts to one's friends and relations. No one sees any reason not to carry over such practices into the public realm. In fact, the very idea of a sharp distinction between public and private life seems alien to many people. (Rose-Ackerman 1999: 91)

This could lead to a voting behavior supportive of “corrupt” politics – albeit not perceived as such. But is what the proposition entails plausible? Assume that person A receives something from the government but
person B, in identical circumstances, receives nothing. Person A has received this benefit because one of A's relatives works in the government. Now consider the following transaction. Person A has received a gift from the private income of a relative employed in the government (say, produce from a garden planted by the relative's wife). Person B, socially more distant, receives nothing. It is very hard to believe that these transactions are considered equivalent by either A or B: that the fact that one transaction involves government resources and the other not has no influence in the assessment of them. Why, if people do not distinguish between private and government transactions, would they condemn corruption?

What is the empirical evidence for the culturalist thesis? It turns out invariably to be equivocal. Linda Beck's illustration of the "patrimonial nature of accountability" is a case in point. It deals with the LONASE scandal involving the skimming off of large sums of money from the Senegalese lottery:

When I first learned of the LONASE scandal, I was in a village in the department of Mbacke, listening to the nightly legislative campaign speeches on the radio with a half dozen men and women. They were all aghast. No one was surprised that the deputy who they supported for reelection was accused of embezzlement. But how could the opposition candidate making the accusations talk about such things in public? The villagers maintained that any transgression by the deputy was justified by the jobs he provided as the director of the lottery commission.

(Beck 1999: 209)

What does this story prove? The villagers were clearly upset that the dealings of their representative were made public. But is this really an instance of the "patrimonial nature of accountability"? Or are the villagers perfectly aware of the public-private distinction and is their reaction in fact caused by an awareness of their moral dereliction that has just been publicized? Both interpretations are possible.

It is tempting to construct a weaker version of the cultural approach, postulating that corruption results from the relative strength of the familialistic moral norms and the non-discrimination principle. One might argue that traditional familialistic norms have withered in industrialized nations and the non-discrimination principle has gained in relative strength. In these countries, this norm-conflict has lost its edge, whereas in more "traditional" societies it is virulent, and voting behavior reflects these values: voters are aware of the non-discrimination principle, recognize both horns of the dilemma and choose traditional behavior.

This position has its shortcomings. To act according to the familialistic norm is contrary to the interest of the great majority of the electorate. Thus we are meant to believe that voters perceive the moral dilemma that they must violate either the equity principle or the familialistic norm, and that they choose to uphold that moral precept that is against their interest.

Collective action problems

With the rise in popularity of the public choice literature, social action dilemmas begin to be employed. "For most ordinary people in developing countries, achieving increased administrative competence and honesty is a collective action problem. Consequently, their interest in reform remains latent; it does not spontaneously develop into politically compelling demands" (Geddes 1994: 35). The experience that strongly influences Geddes' analysis is the electoral failure of the Brazilian UDN (National Democratic Union), a party unable to translate its explicit appeal to competence and honesty in government into electoral currency. On the contrary, its "refusal to make deals and trade favors placed [it] at an electoral disadvantage" (ibid.: 86).

Geddes' conclusion that administrative reform suffers from collective action problems is based on the assumption that "reform" is a collective good and thus unlikely to emerge through spontaneous social action. But why is it not in the interest of a political entrepreneur to provide a reformist program? No obvious collective action problem is involved here. Geddes now shifts to other reasons why predatory voting prevails. Policies, she argues, are often not aimed at median voters (ibid.: 39). This does not explain the emergence of corruption either if all policy packages can be offered with or without corruption and if the non-corrupt version is generally superior. Equally unsatisfactory is the notion that "many citizens, especially in developing countries where levels of education are low and few read newspapers, have almost no ability to monitor the policy-relevant activities of politicians" (ibid.).

Even if it is accepted that information deficiencies exist, this is not a collective action problem and it fails to recognize that voters do generally have direct experience of one policy-relevant activity: corruption. It is by no means obvious that voters are unable to make an informed judgment about the level of corruption, particularly where low and high level corruption are strongly correlated. Last, it is said that because "citizens cannot adequately monitor politicians' policy performance, electoral machines become essential to the successful mobilization of the vote. They distribute the individual benefits and favors that affect many people's electoral decisions" (ibid.: 40). But can citizens unable to monitor politician's policy performance adequately be mobilized only by corrupt political machines? The thesis opens up more questions than it answers, although it correctly points to the crucial element of information failures.
The fourth reason why voters might support corrupt politicians is the absence of an alternative. There are three versions: elite theories, weak party systems, and barriers to entry.

Elite theories are based on three assertions:

- The level of corruption is determined by the political behavior of the elite.
- The political behavior of the elite is guided by their norms and values.
- Changes in these norms and values emanate from within the elite culture.

Elite culture, then, is the fountain that nourishes changes in elite values, elite behavior, and ultimately political corruption.

Etzioni-Halevi is one of the exponents of such a view. She rejects the idea that corruption — "the giving of material inducements in return for votes" — is caused by the preferences of voters: "what counts is not so much the tendencies found in the rank-and-file public but rather changes in norms and values of the elite (Etzioni-Halevi 1979: 10, 11).

Changes in norms and values of the elite are in turn a function of previous states of the elite culture, "of growing self-restraints introduced at the level of the elite and the political-administrative establishments they head." Socio-cultural developments at the level of the public itself may have marginally contributed to these changes but were not their major initiating or driving force (ibid.: 8).

Etzioni-Halevi applies the theory to the decline of electoral corruption in Britain that occurred after "the political elite turned unequivocally against electoral manipulation." Her own evidence shows, however, that "trade unions, chapels" and "friendly societies" played a significant role in this process of value formation (ibid.: 47), and the theory only survives by unduly expanding the range of the "elite." Time and time again, Etzioni-Halevi shows that the behavior of the elite was influenced by those not belonging to it, at least not as conventionally defined. In the US the "merit system was further expanded as political appointments were adversely affected by public opinion" (ibid.: 137). In Australia, "the period in which manipulation of material inducements to individuals declined was also the time at which working-class organizations began to take an active part in politics" (ibid.: 88).

Even if the unfavorable evidence is disregarded, the question remains of how such a change of elite values would occur. At the most general, one might think of a given group of people changing their values, or alternatively, that values change because the composition of the group changes.

This latter "infiltration" hypothesis, where new members with different values enter the group, has been used to explain the rise of corruption in Italy. Corruption "develops when politics begins to attract chiefly those individuals who are able and willing to derive personal benefit from the control of public resources" (della Porta 1996: 362). The entry of a new class into Italian politics sets in train a process where "a political class motivated predominantly by ideology is displaced by individuals who view politics primarily as a business" (ibid.). The argument can be reversed: free-wheeling ways might come into disrepute because of a change in elite-membership.

Apart from the problem of specifying the process of value change without a change in composition of the elite, these elite theories suffer from the problem of an excluded fourth assumption: the norms and values of the elite are homogeneous. If they are not, then a pool of potential uncrupt political entrepreneurs may be available and in a position to satisfy the demand for non-corrupt politics. Shorn of the "homogeneity of elite culture" assumption there is little left of elite theories generally. At best, the elite theory argument can be put in this way: a strong dominance of a particular set of values might reduce the pool of potential political non-corrupt innovators and thus foster corruption.

One of the most popular explanations of corruption is linked to weak party systems. "Weak" can be distinguished from "strong" parties by their relative contribution to the electoral success of a candidate. In the case of an extremely strong party, the electoral success of a candidate is exclusively determined by party membership; personal characteristics count for nothing. On the other hand, the success of candidates of a weak party is mainly a matter of the characteristics of the candidates themselves; party allegiance is relatively irrelevant. Huntington's first phase of the "usual" process of party formation, factionalism, serves as an illustration of a "weak" party system:

[Politics involves a small number of people competing with each other in a large number of weak, transitory alliances and groupings. The groupings have little durability and no structure. They are typically projections of individual ambitions in the context of personal and family rivalries and affiliations. These political groupings may be called parties, but they lack the continuing organization and social support which are the essence of the party. ... Typically they are formed within the legislature by successful candidates after they are elected rather than in the constituency by aspiring candidates in order to get elected.

(Huntington 1968: 412-14)
Why do voters support corruption?

The purpose of this section is to explain why benefit-maximizing voters might prefer policy packages that do include corruption, despite its drawbacks. The argument proceeds on the basis of a Schumpeterian approach that looks at politics as a market where competing politicians offer different “policy” packages. It presumes that (1) endemic corruption impoverishes the average voter; (2) the average voter dislikes corruption; (3) voters will support a party or a politician according to how well the policy package fits their preferences and how likely it is that these policies will actually be implemented; and (4) voters prefer policy packages that increase rather than decrease their material welfare and involve less rather than more corruption.

Expressed in the most general terms, this approach supposes that either corruption may reflect the desires of the voters – with which politicians comply – or the voters do not desire corruption but no non-corrupt policy package is “on offer.” For obvious reasons the first case will be called a “demand side,” and the second a “supply side” explanation. Both “demand” and “supply” side explanations are analyzed with the help of conventional market failure arguments where spontaneous interactions of suppliers and consumers fail to generate a socially optimal result.

Demand-side explanations

In order to be able to concentrate on demand-side failures, it is assumed that there are no supply-side problems; non-corrupt policy packages corresponding to voters’ preferences being (potentially) available. Two types of cases are discussed: in the first case voters support corrupt politicians because they prefer corrupt politics; in the second case they prefer non-corrupt politics but are caught in a social action dilemma.

Ignorance

Voter ignorance has already been encountered as one of the possible reasons for the persistence of a predatory voting behavior, and has been isolated consistently as one of the central problems of democracy. Schumpeter’s doubts about the “definiteness and independence of the voter’s will, his powers of observation and interpretation of facts, and his ability to draw, clearly and promptly, rational inferences from both” are cases in point (Schumpeter 1976: 256). Such a dictum, however, is much too general to be useful for an analysis of information deficiencies. What need to be specified are the types of information the voter has to have in order to make an informed judgment. These relate first of all to the level and the consequences of corruption and the alternatives available.

Can voters assess the level of corruption? It has been pointed out before that the majority of voters will generally have a fairly good idea about the prevalence of low-level corruption, and if low-level corruption correlates highly with high-level corruption they can make a tolerably accurate assessment of the overall situation. Moreover, many people will have some information about the honesty of the judiciary and of local and central administrations. Empirical evidence, that compares subjective voters’ assessments and objective criteria, is, however, entirely missing.

Do voters assess the effects of corruption correctly? A majority of voters might falsely believe that endemic corruption serves their material interest. Again, direct evidence is missing. However, the widespread opposition to corruption in countries where it is endemic suggests awareness of some of the social and economic problems associated with it. This does not preclude that corruption might be considered a relatively minor
factor in an overall assessment of the performance of a regime. A Mexican survey does suggest information deficiencies, attitudes to corruption being highly class specific: 38 percent of the high-income group ranked corruption as the nation's most pressing issue compared to 31 percent of the upper-middle group, 29 percent of the lower-middle, and 24 percent of the low-income group. Similarly, 34 percent viewed corruption as the principal cause of the economic crises compared to 25 percent of the upper-middle group, 20 percent of the lower-middle group, and 10 percent of the low-income group. (Morris 1991: 108)

Similarly, "the elections of 1988 confirmed a long tradition in which the firme's base of electoral support for the PRI continued to come from rural areas, particularly from the poorest regions" (Grindle 1996: 159). Assuming that higher-income groups and urban people are better informed about the consequences of corruption and are equally affected by it, their greater awareness of its costs suggests information deficiencies among lower-income groups.

A further information problem occurs when voters are unable to conceptualize an alternative system of government and public administration where corruption is largely absent. This may not be an altogether unrealistic scenario where voters have never experienced such a system. Again, it is entirely unclear the degree to which average Mexican or Indian voters, for example, can imagine what a government and an administration free of corruption would actually entail (including the absence of exceptional treatment for themselves).

Finally, a voter must be able to distinguish between corrupt and non-corrupt policy offerings. This may not be an easy task either if there are severe signaling problems. Corrupt policies may well be couched in terms of public welfare. Corrupt politicians are likely to muddy the waters by advocating anti-corruption programs themselves. They might be able to deflect criticism by suggesting that corruption is not systemic but accidental and the regime might reform itself. This is suggested by Morris in the case of Mexico, where the regime was able to present the problem as "one of a few bad apples" (Morris 1991: 36). Through frequent anti-corruption movements the government socializes the public into viewing corruption as a problem of certain officials rather than as a systemic problem (ibid.: 77-8). This process of dissimulation extends to tainting non-corrupt politicians with corruption. That manifestly corrupt politicians accuse others of corruption is an all too frequent occurrence. The strategy has a reasonable chance of success: where corruption is endemic, many non-corrupt politicians will have had some dealings with individuals who are corrupt, or have been associated with some actions involving corruption, and are therefore easily brought into disrepute. It is therefore by no means obvious that voters are able to distinguish corrupt from non-corrupt policy packages. 8

Thus one plausible failure of the political market-place might arise if the minimal relevant knowledge about corruption is not available. Ignorance about the effects of corruption, about the alternatives available, and about the intentions of those standing for election are possible reasons for voters to support corrupt politics.

**Inconsistent preferences**

Following Schumpeter's cue about the "definiteness . . . of the voter's will" (Schumpeter 1976: 256), corruption might be the consequence of inconsistent preferences. The story of Odysseus and the Sirens illustrates the point. Odysseus knows that if he hears the Sirens he will want to approach the coast and will suffer shipwreck. Not desiring this course of action when not under the influence of the Sirens, he has the ears of the crew plugged and himself bound to the mast. He can now listen to the Sirens, but the crew can hear neither the Sirens nor his commands to change the course of the ship. Voters not thus happily bound can change their minds when the Sirens call, preferring non-corrupt politicians as a general rule, but calling for particularistic benefits in between when the need arises.

This scenario is not an unpopular one among third-world politicians. It suggests that voters sometimes opt for non-corrupt politicians who are prevented from following bureaucratic rules by the pressure of these very voters who, subsequent to the election, change their minds and demand particularistic benefits. The blame for corruption is thus neatly shifted from politicians to voters. The explanation is consistent in a situation immediately after democratization, but becomes inconsistent thereafter. It implies that particularistic benefits received between elections are not honored at the next election, when voters are again under the influence of the general rule that corruption is morally wrong and bad for them. Indeed, the fact that extra-bureaucratic "help" was received would bar voters from supporting their "helper."

Preferences can explain the paradox of corruption only if they are generally inconsistent: voters believe corruption is materially disadvantageous and morally repugnant and express their feeling in anti-corruption statements, but at the same time they believe it is advantageous and morally justified to avail themselves of the opportunity it opens. It is not unknown for people to draw on departmentalized belief systems in different circumstances. Special pleading is, after all, a universal phenomenon.
Collective action dilemma

An explanation of the paradox more in line with the conventional "rationality" assumption of human behavior is based on a collective action dilemma. In a two-party contest two policy packages are offered to which an individual or group is indifferent on ideological grounds, one with and one without corruption. All voters dislike corruption, and the best possible outcome is non-corrupt politics. The second-best outcome is the "corrupt" policy package as long as the individual voter has supported the victorious "corrupt" party. The worst outcome is to have the "corrupt" party win but not to have supported it, and thus to be shut out from the clientelistic distribution network. In such a "game," the chances that the corrupt party will indeed win the election are greatly improved.

A simple payoff matrix shown in Figure 4.1 illustrates the point. Let us assume that two parties offer, from an ideological point of view, identical policy packages. One involves corruption (C) and the other not (NC). The best possible outcome for all voters is a victory for the non-corrupt party (payoff 1 in the matrix). However, individual voters take a risk: if they support the non-corrupt party, thereby repudiating their patronage connections, and the corrupt party wins, they lose their patronage income and their payoff will be minimal (0 in their payoff matrix). They therefore have an incentive to support the corrupt party, remain part of the patronage network, and hope that the non-corrupt party wins. If the majority of the voters behave in this way, the corrupt party will be elected, and the payoff will be below the optimal rate (0.5 in the matrix).

Such a scenario is not unrealistic. Sanctions against disloyal supporters are widespread. In Israel, [people] who were helped by the party machine were not free to change their allegiance at will. It has even been claimed that those rebels who tried to do so (and they were not too numerous) were dismissed from their jobs or even evicted from their apartments.

(Etzioni-Halevi 1979: 93)

<table>
<thead>
<tr>
<th>Payoff matrix</th>
<th>Majority votes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NC</td>
</tr>
<tr>
<td>Individual A votes</td>
<td>NC</td>
</tr>
<tr>
<td></td>
<td>C</td>
</tr>
</tbody>
</table>

Figure 4.1 Voting choices with corrupt parties

Of course there is always the possibility of cheating: to claim falsely that one has voted for the patronage system. Cheating may be difficult, however, in tightly knit communities. As an Indian politician put it in the 1960s: "Even the secret ballot isn't really much protection because the money lender or zemindar soon finds out how people voted, because often they themselves can't keep quiet about it" (Bailey 1963: 194).

Even if superior non-corrupt policy options are available, the array of factors promoting corruption in democracies is formidable: information failures as to the consequences and the levels of corruption and the policy options available, collective action failures and, perhaps, inconsistent preferences. In principle, all of these failures are observable or at least indirectly ascertainable from observed behavior.

Supply-side failures

Volitions, as Schumpeter observed, "do not as a rule assert themselves directly. Even if strong and definite they remain latent, often for decades, until they are called to life by some political leader who turns them into political factors" (Schumpeter 1976: 270). What might prevent such leadership to emerge?

Barriers to entry, as we have seen, could explain why a corrupt regime is able to hold on to power. New parties will generally suffer some disadvantages compared with established parties in most regimes that unquestionably deserve to be called democracies. In analogy to the theory of contestable markets in economics, we can define a contestable political market as one where an entrant suffers no cost disadvantage in presenting a policy package to the voter (assuming a "fair" electoral process). Preferential access to the media by incumbents is an obvious example of entry barriers, but opportunity costs play a role also. Opportunity costs can be significant and may go well beyond the lost income as a consequence of time spent on campaigning. Participating in a campaign can lead to the more or less permanent closing of job or business opportunities. Such costs are particularly significant when incumbents systematically use co-optation to neutralize opponents. Forgoing offers of co-optation can be extremely costly in terms of lost income, business opportunities, job security, status and power. Considering that the benefits from political entrepreneurship are insecure and often remote, such "informal" barriers to entry can be very effective.

Contestability may suffer from the absolute size of election expenditures too. It may be useful to draw an analogy to business practices. Imagine a market where a number of similar products compete, say different brands of chocolate bars. A particular brand is able to maintain its market share only if the consumer is continuously reminded of its great virtues. A drop in advertising expenditure much below that of competitive brands will consign it to oblivion. Conversely, a new brand
can establish itself only through publicity campaigns comparable to those of its competitors. These high advertising costs required to successfully establish a product constitute an effective barrier to keep competitors out of the market. A similar mechanism plays a role in a political market. Not being able to match the outlays of opponents – and not being able to compensate for this deficiency by other means such as voluntary labor – reduces significantly the chances of success of a new party. Thus expensive electioneering serves not just to combat established opponents but to keep out new competitors. Not untypically, "[n]ational and state elections, even in India, are an expensive affair with a campaign for an average urban constituency in parliament estimated to cost around 12.5 million rupees (approx. £208,000)" (Singh 1997: 218).9

Nevertheless, the effectiveness of such "soft" barriers to entry is easily overestimated. Not only does misgovernment add to voters' sensitivity to the messages of new entrants, but search theory suggests they would also actively seek information on ways to remove incumbents.

**Weak party systems**

Why are weak factionalist systems generally corrupt? There is no a priori reason that excludes the existence of non-corrupt factionalist regimes. One could easily imagine rapidly changing governments based on unstable coalitions, pursuing their pork barrel and self-promotion in a perfectly bureaucratic manner.10 The incentives of the representatives to engage in corruption are influenced only if factionalism affects the probability of re-election. This is likely to be the case where factionalism impairs their ability to pursue coherent policies – thus reducing the welfare of the electorate at large that is trying to rid itself of ineffectual politicians. Through such a mechanism a weak party system could lead to a high turnover of representatives who have strong incentives to engage in corruption.

The causation may, of course, work in the other direction: high "electoral volatility" – defined as low probability of re-election independent of performance in office – adds to the incentive of augmenting current income through corruption. If indeed electoral volatility in this specific sense causes factionalism and corruption, the question arises of what causes the electoral volatility. A partial explanation is provided by Geddes' information failure: that citizens may not be able to adequately monitor politicians' policy performance. This turns the problem into one of demand failure.

**Some implications and conclusions**

There are a number of reasons why voters might support corrupt politicians, even if this is against their interest and even in the absence of significant barriers to entry. By its very nature, an economic approach to the problem will invite the conclusion that in the absence of barriers to entry and thus no hindrance to political entrepreneurship there ought to be no shortage of policy packages that are optimally adapted to the preferences of the voters. Market failures are likely to emerge through coordination failures in parliament that prevent the formulation and implementation of coherent policies, lower the probability of re-election and therefore provide incentives to corruption. Most importantly, however, a Schumpeterian approach will stress demand-side failures: collective action failures, and imperfect information on the levels and consequences of corruption, on the availability of alternatives (in principle and in practice), and on the performance of the incumbents.

Political market failures are likely to mutually reinforce each other, while information failures of all kinds may lead to an underestimation of collective action problems. The greater the information failures, the less distinct preference patterns are likely to be, and the easier it is to maintain inconsistent preference patterns. Barriers to entry are more effective in the case of widespread information failures, and the opportunistic shifting coalitions of weak government will send confusing signals that contribute to these.

The question of why voters support corrupt politicians has not been a popular one. One reason for its unpopularity could be the uncomfortable implications that emerge for the "good governance" debate. It jeopardizes the comfortable assumption that corruption is unrelated to the electoral process and implies that in many cases administrative reforms, and even the reduction of entry barriers, are unlikely to yield the results promised by their designers. Fighting corruption becomes the eminently political task of transforming political culture in the widest sense.

**Notes**

1 For variations of this theme see Boeninger (1992: 267) and Landell-Mills and Sarageldin (1992: 304).

2 Leftwich does accept that "[t]here was some limited acknowledgement of the political causes and context of this crisis of governance in the report [From Crisis to Sustainable Growth] but in practice it said little about the state or the politics of development. Instead it focused single-mindedly on managerial and administrative issues, as became clear in its formal statement on Governance and Development... In this and other Bank publications the Bank committed itself to the seemingly more apolitical and largely technical strategy of improving governance" (Leftwich 1994: 368).

3 As described by Anechiarico and Jacobs (1996).

4 The process of outright theft can be seen in the same way: it involves a redistribution from the state to an employee and increases the cost of administering transactions.
5 There are, of course, obvious cases where a corrupt act facilitates production or exchange. The concern here is with the effect on aggregate GDP.
6 An apparently not atypical sort of “benefit” according to Prof. Mark Thompson.
7 Jain (2000) provides an example of a decision of the Government of Ontario in which privatization of a road in the province was motivated more by the needs of the ruling political party than by the needs of the voters. Given the complexities of the deal and lack of information, however, the decision was justified as being in the public interest.
8 A variation of this theme is reported from Angola, where out of about 150 small opposition parties only twenty are thought to be genuine. The remainder are fronts, created and financed by the MPLA [Economist, May 13 2000: “Angola: A Third Force”: 42].
9 The process may be even more insidious: as each party increases its election budget it may well be that the amounts required to keep up with one’s competitors become so large that some corruption is necessary to accumulate the funds.
10 Such as the Japanese LDP.

Bibliography

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