

AN ABSTRACT OF THE DISSERTATION OF

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Title: Party System Institutionalization and Accountability for Corruption in Latin America:
The Cases of Brazil and Chile

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In the wake of the “third wave” of democratization, scholars and practitioners were optimistic regarding the ease with which countries could adopt democratic norms and institutions. However, after four decades of democracy, many competitive regimes have not improved government probity or developed strong forms of accountability. Levels of economic and political development and ill-advised institutional designs were cited to explain these phenomena, but the role of political parties and their dynamics of interaction and competition remained poorly understood. Has the institutionalization of parties and party systems contributed to the control of corruption in neo-democracies?

This monograph analyzes the relationship between party systems and accountability for corruption. It claims that new democracies that have developed stable party systems and party organizations capable of incorporating societal demands are most able to build and maintain mechanisms of accountability. We test these arguments through a “nested” research design that includes an in-depth study of two Latin American democracies within a big-N statistical analysis. The monograph begins with a cross-country study that evaluates the association between party and party system institutionalization and the levels of political corruption across competitive democracies. It then traces the institutionalization of party systems in Brazil and Chile, and it

explores specific mechanisms through which parties and party elites hold politicians to account. The Chilean case represents a country that, after seventeen years of authoritarian rule, effectively institutionalized a democratic party system. Institutionalized stability in a context of parties and coalitions with distinguishable brands facilitated the responsiveness of parties and politicians in the face of accusations of political misdeeds. Partisan and institutional arrangements provided party elites with means and incentives to discipline politicians who threatened to damage parties' reputations. In Brazil, the consolidation of the post-authoritarian party system followed a more erratic path. An exceptionally permissive electoral system interacted with organizationally weak catch-all parties to give politicians and candidates high levels of autonomy from their organizations. "Entrepreneurial" politicians escaped accountability by cultivating electoral turfs in localized territories and by building personal instead of partisan reputations. Politicians involved in corruption found in this context broad opportunities to avoid responsibility for misdeeds.

The study contributes to the literature by broadening the understanding of how party system institutionalization influences the mechanisms of accountability for corruption. It is underscored that the stabilization of party competition is a necessary but insufficient condition to control corruption in new democracies. To be responsive over time, parties must develop channels to incorporate societal demands, so that politicians are less able to evade accountability and counteract the reputational costs of misdeeds through personalistic and clientelist appeals.

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Party System Institutionalization and Accountability for
Corruption in Latin America: The Cases of Brazil and Chile

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I understand that my dissertation will become part of the permanent collection of Oregon State University libraries. My signature below authorizes release of my dissertation to any reader upon request.

Juan Pablo Pinilla Jara, Author

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Chapter 1: Introduction

1.1 Overview

In the wake of the “third wave” of democratization, many scholars and policy practitioners were optimistic regarding the ease with which countries could adopt democratic norms and institutions. However, after four decades of democratic competition, there have been a number of problems with this expectation. For one, democracy has not, in fact, deepened in some countries, and there have been important disparities in terms of government performance and outcomes among young democratisers (Kapstein and Converse, 2008). Many competitive regimes have not improved government probity or developed strong forms of democratic accountability from corrupt authorities. Moreover, practices associated with grand and petty corruption seem to have stabilized or even flourished in newly democratized nations in Latin America and elsewhere (Hale, 2011; Iwasaki and Suzuki, 2007; Moran, 2001; Hellman et al., 2000; Manzetti and Blake, 1996). Levels of economic development, lack of democratic experience, and ill-advised institutional designs have been cited to explain these phenomena. Nonetheless, the specific role of political parties and their dynamics of interaction and competition have remained mostly unexplored. Has the institutionalization of parties and party systems contributed to the control of corruption in new democracies?

Organized political parties are primary mechanisms of accountability. Parties organize and structure the political competition for office (Aldrich, 2011; Downs, 1957). They offer career-seeking politicians viable routes to access government power and, in conjunction with electoral and constitutional designs, play a key role in holding officeholders accountable. Political parties can shape politicians’ careers, broaden their time horizons, increase their cohesion and discipline, and encourage the development of party brands and collective reputations. However, political

parties and party systems in new democracies have often performed as weak and volatile institutions (Mainwaring, 2016). In newly democratized countries, structural and societal changes have made parties less capable of performing some of the functions they once monopolized in older Western democracies (Schmitter, 2001). Parties' capabilities to aggregate social interests, structure the electoral process, represent social groups, and build partisan identifiers have been challenged by the action of mass media and the proliferation of citizens groups and NGOs. Research shows that competitive regimes inaugurated most recently have exhibited high volatility in patterns of voting support (Mainwaring et al., 2017), with citizens reluctant to express attachments to party brands (Dalton and Weldon, 2007). Changes in the "supply" of parties and party switching by political elites are not unusual (Tavits, 2008; Desposato, 2006; Zielinski et al., 2005), and the institutionalization of competitive and inclusive party systems has faced formidable obstacles in Asia (Croissant and Völkel, 2012; Hicken and Martínez Kuhonta, 2011; Stockton, 2001), East Europe (Tavits, 2008; Bielasiak, 2005, 2002; Zielinski et al., 2005), and post-colonial Africa (Weghorst and Bernhard, 2014). The basal weaknesses of parties and party systems is recognizable in Latin America as well. Although this region distinctively had a tradition of party competition prior to the breakdown of democracy (Collier and Collier, 1991), political parties lacked some of the class-based cleavages that were crucial in the consolidation of party systems in Western European countries (Lipset and Rokkan, 1967). Parties in Latin America have exhibited radical discontinuities in their organizational development (Roberts, 2002; Coppedge, 1998; Dix, 1989), and have relied less on programmatic and ideological appeals than parties in older democracies (Kitschelt et al., 2010b; Roberts, 2002; Dix, 1992).

This monograph investigates the conditions under which parties, insofar as organized in party systems, can facilitate the workings of accountability for corruption. It is claimed that competitive politics work most effectively as instruments of control for corrupt officeholders where they are structured by institutionalized and inclusive parties and party systems. The reason for this is that party system institutionalization increases the intelligibility of the political and electoral process and enhances the responsiveness of public authorities and parties. Identifiability and

responsiveness create incentives and opportunities for holding corrupt politicians into account through specific channels and mechanisms. Where established parties compete in stable and predictable ways based on programmatic commitments and policy platforms, party elites internalize the costs of corruption for their party brands, and politicians have fewer opportunities to escape responsibility for their misdeeds.

To test our theoretical argument, the study relies on a mixed methods research design. It first evaluates the connection between party system institutionalization (PSI) and political corruption through a comparative cross-country analysis among competitive regimes. This component allows us to test the “plausibility” of the causal connection between the main variables of interest. To understand better how party and party system institutionalization enhance concrete channels of accountability, we trace the institutionalization of the post-authoritarian party systems in two Latin American democracies, Brazil and Chile. Latin America constitutes an appropriate terrain to evaluate the causal mechanisms posed by our theory, because this region is mostly uniformly democratic (Kitschelt et al., 2010b), it exhibits a wide variation in standard measures of government performance and corruption (Payne et al., 2006; Mainwaring and Scully, 2008; Pérez-Liñán and Mainwaring, 2013; Mainwaring and Pérez-Liñán, 2015), and it possesses many different configurations of parties and party systems (Mainwaring and Scully, 1995a; Torcal, 2015; Mainwaring, 2018c) (Table 1.1).

The study advances knowledge about why PSI is important for governance outcomes and processes, particularly those associated with the development and maintenance of mechanisms of accountability and answerability for corruption. Our study builds on existent scholarship in several ways. Theoretically, it develops a more sophisticated account of the connection between PSI and corruption outcomes by digging into specific mechanisms of accountability. It also elaborates on the revisionist literature on PSI, underscoring the importance of the dimension of incorporation in the institutionalization of adaptable and responsive party systems. Moreover, it is argued that the stability component inherent to the notion of institutionalization constitutes a necessary but not sufficient condition to enhance the answerability of public authorities. To be

Table 1.1: Indicators of Democracy and Governance in Latin America by Country

Country	Competitive ^a	Polity IV ^b	Freedom score ^c	Rule of law	Governance indicators ^d		
					Regulatory quality	Government effectiveness	Control of corruption
Argentina	1983	9	4	-0.8	-1.0	-0.1	-0.6
Bolivia	1982	7	6	-1.2	-0.9	-0.7	-0.7
Brazil	1985	8	4	-0.2	-0.2	-0.2	-0.4
Chile	1990	10	2	1.3	1.4	1.1	1.3
Colombia	1958	7	7	-0.3	0.5	0.0	-0.3
Costa Rica	1949	10	2	0.5	0.5	0.4	0.7
Dom Rep	1978	8	6	-0.5	0.0	-0.3	-0.8
Ecuador	1979	5	6	-1.0	-1.1	-0.4	-0.7
El Salvador	1984	8	5	-0.6	0.2	-0.2	-0.4
Guatemala	1986	8	8	-1.0	-0.2	-0.7	-0.7
Honduras	1982	7	8	-1.0	-0.4	-0.8	-0.6
Mexico	1988	8	6	-0.5	0.4	0.2	-0.7
Nicaragua	1984	9	7	-0.7	-0.4	-0.8	-0.9
Panama	1990	9	4	-0.1	0.4	0.3	-0.3
Paraguay	1989	9	6	-0.7	-0.3	-0.9	-0.9
Peru	1980	9	5	-0.5	0.5	-0.3	-0.6
Uruguay	1985	10	2	0.7	0.5	0.5	1.3
Venezuela	1959	4	10	-2.0	-1.9	-1.2	-1.3

Sources: ^aFirst year of competitive regime, Pérez-Liñán and Mainwaring (2013); ^bPolity score, Polity data (2015); ^cCombined score for Civil Liberties and Political Rights, Freedom House (2015); ^dWorldwide Governance Indicators (2015).

responsive over time, stable parties must develop channels to incorporate societal demands and interests, so that politicians are less able to evade accountability and counteract the reputational costs of their acts through personalistic and clientelist appeals.

This chapter introduces the main concepts and the structure of the monograph. We first describe the puzzle that motivates the research and review studies that have shed light on specific dimensions of the problem. The theoretical argument of this investigation is developed along with its relevance and contribution to the literature. Finally, we describe the research strategy adopted and outline the content of the remaining sections.

1.2 The Puzzle

1.2.1 Political Corruption in New Democracies

Why did the competitive pressures associated with freely contested elections not lead to a uniform improvement in the accountability for corruption among newly-democratized countries? The puzzle has long intrigued scholarship on the institutional and political analysis of accountability for corruption in “third wave” democracies. Functionalist theorists approached corruption as a symptom of the absence of effective political institutionalization in countries experiencing social and economic disruption (Huntington, 1968). Once political institutions were developed and organizations created, scholars and practitioners expected that new social groups would be assimilated into the political system and corruption would fall because of the action of organization and structuring of political participation.

Political competition, or the capacity to contest the conduct of government and to present alternatives to the incumbency (Dahl, 1971), created expectations that a system of democratic contestation could help deter misdoings and hold elected authorities accountable in two ways. In democracies, rulers are selected through elections that take place repeatedly, and politicians desire to be elected and reelected (Manin et al., 1999b). Protection of political liberties and freedom of association encourage opposition forces to organize and create political parties in their struggle for representation and the control of government. Thus, leaders in the opposition have an incentive to monitor corrupt incumbents and to expose government corruption when campaigning for office. Because corruption is commonly a “valence issue” with shared negative connotations among the electorate (Curini and Martelli, 2015), office-holders would avoid the risk of being involved in corruption, especially if running for re-election. Indeed, the hidden and unenforceable nature of illegal contracts (Lambsdorff, 2002b) makes the sole existence of an organized opposition, capable at least of monitoring office holders and challenging them at the polls, raise the associated costs of political misdeeds. Moreover, a competitive environment might increase the likelihood of being denounced by opportunistic allies (della Porta and Vannucci, 2016; Balán, 2011), and even if

opposition candidates may not be more honest than incumbents, repetitive cycles of free and fair elections would “discipline” politicians alike (Adsera et al., 2003)—eventually, stabilizing the system at a low-corruption equilibrium.

The second condition concerns the way in which citizens can control politicians’ wrongdoing. Voters use elections to express their preferences and, among other things, to hold governments responsible for the results of their actions and policies (Manin et al., 1999a; Key, 1966). Making use of a “retrospective voting,” people would set a standard of performance and decide whether to support an incumbent candidate based on her or his compliance while in office (Downs, 1957; Ferejohn, 1986). By extension, evidence of wrongdoing among authorities and political elites would bring about electoral punishment and defeat. Anticipating citizens’ behavior, political parties and their candidates should have an interest in staying clean.

If competition for office provided checks against corrupt practices in government (Schleiter and Voznaya, 2014), it would be expected for corruption to decrease with the process of political democratization. However, this has not always been the case (e.g., Zielinski et al., 2005). It is common for democratization to happen in contexts of weak state institutions and enduring authoritarian legacies (O’Donnell, 1993; Linz and Stepan, 1996), where open political contestation gives room to the construction or expansion of political machines by elites seeking to control the transition (Moran, 2001). As historical experiences have demonstrated, the question of the conditions under which democratic competition might favor accountability for corruption remains.¹ Scholars have emphasized the role of an independent and free press (Brunetti and Weder, 2003; Chowdhury, 2004), an efficient and autonomous bureaucracy vis-à-vis a state capable of executing its duties (Geddes, 1994; Fukuyama, 2013), an effective rule of law that provides legal predictability and equality (O’Donnell, 1993, 2004), and an independent judiciary

¹In Latin America, democracy created new means of acquiring and exercising power and wealth (Morris and Blake, 2009), resulting in a number of cases in new opportunities for embezzlement and corruption (Geddes and Neto, 1992). In Argentina, Brazil, and Venezuela, economic reforms to deal with severe debt crises and inflation concentrated decision-making power in the executive branch, enabling presidents to take advantage of economic deregulation and privatization for illicit payments (Manzetti and Blake, 1996). Transitions to democracy and market reforms in Eastern Europe and the former Soviet Union were accompanied by rampant corporate exploitation and state capture (Iwasaki and Suzuki, 2007), where private firms made use of bribes and kickbacks to influence the formation of laws, rules and regulations (Grzymala-Busse, 2008; Hellman et al., 2000), thus hindering the processes of state building and democratic development (O’Dwyer, 2004; Robinson, 2007).

(Rose-Ackerman, 2007) to keep corruption under control. Other authors pointed to a strong civil society based on norms of generalized trust (Rothstein and Uslaner, 2005; Stevens, 2016), with a well-informed and educated electorate (Adsera et al., 2003; Glaeser and Saks, 2006), and a relatively homogeneous population (Mauro, 1995). Notoriously, however, the institutionalization of parties and party systems have been largely omitted in the analysis of the accountability for corruption. Regime and institutional variables have been privileged instead, particularly in their influences on the depth and levels of competition, the dominance of clientelism and party machines, and the action of constitutional and electoral designs (cf. Yadav, 2011). We briefly review these alternative approaches before developing our theory.

1.2.2 Alternative Explanations

1.2.2.1 Incentives and Competition

Competitive forces associated with democracy could enhance accountability for corruption by multiplying the points of access and monitoring and by decentralizing power and economic rents. Klitgaard (1988, 75) claimed that illicit behaviors originated where public officials had monopoly power over the design and management of regulations and policies, wide discretion to exercise that power, and mechanisms of accountability were poorly developed. Understood as a principal-agent problem, corruption should be addressed by minimizing the asymmetries of information in the exchanges between principals (e.g., citizens) and agents (e.g., public authorities) (Lambsdorff, 2007; Persson et al., 2003; Kaufmann, 1997). According to this, tight monitoring systems and competitive settings would reduce the expected utility of corrupt transactions by raising the probability of getting caught and increasing the costs of dismissal (Aidt, 2003). Shleifer and Vishny (1993, 616) argued that just as competition between bureaucrats in the provision of public goods would drive the level of bribes down to zero, competition between political parties “opens up the government, reduces secrecy, and so can reduce corruption”. Montinola and Jackman

(2002) identified three specific mechanisms: a re-election imperative, which made politicians more prone to set and enforce anti-corruption reforms; the monitoring of public officials through freedom of information and association; and the turnover in power. Other authors pinpointed that democratic competition may not have a noticeable impact on the control of corruption until several decades have passed. Treisman (2000) demonstrated that only a long history of democracy had a significant impact on aggregate levels of corruption, and Blake and Martin (2006) claimed that it was the consolidation of a “vital democratic process” over time that negatively influenced corruption—although other analyses showed that this variation was explained by the distinction between old and new democracies (Treisman, 2007). The competitiveness of the party system has also been considered. Schleiter and Voznaya (2014) showed that competitiveness (here, party system fragmentation) was associated with a reduction in the scope of corruption; although the highest levels of fragmentation and patterns of governing party dominance were associated with a deterioration in corruption scores. Nyblade and Reed (2008) drew attention on heterogeneous effects according to the types of practices at stake. The authors showed that political competition in Japan decreased the likelihood of looting scandals, but its effects on illegal acts that flowed from electoral gain (e.g., vote buying) were inconsistent.

As it is seen, democratic competition was expected to increase the accountability of the system where open and sustained political competition concurred with high risks of monitoring and exposure. However, to the extent that authors took the workings of a viable system of interparty competition as given (Blake and Martin, 2006), they overlooked the underpinnings of a stable and predictable competition for office—which has not always been guaranteed in new democracies (Mainwaring, 2016; Torcal and Mainwaring, 2003).

1.2.2.2 Credibility, Clientelism and Party Machines

One of the reasons new democracies might not be as effective in holding their governments accountable as their developed counterparts is because their public authorities lack credibility

(Keefer and Vlaicu, 2008). Despite having adopted formal democratic institutions, these republics consistently overprovide targeted goods, exhibit high levels of corruption, and have low provision of public goods. Facing a lack of credibility, political elites might choose to substitute clientelism for programmatic and ideological appeals (Keefer, 2007). Instead of building reputation through policy promises and government achievements, candidates and party leaders exploit and nurture patron-client networks to deliver selective material inducements to their constituents in the form: “did you (will you) support me?” (Stokes, 2009; Kitschelt and Altamirano, 2015; Kitschelt, 2000). Where these exchanges are widespread, the popularity of a party or its candidates cannot be inferred from its performance while in office. Indeed, Manzetti and Wilson (2007) found that people were more likely to support a corrupt government if the country lacked effective institutions. Therefore, to the extent that clientelist and patron-client relationships lead political competitors to ignore the direct organization of voters or even to collude in corrupt deals, mechanisms of democratic accountability are severely limited (Slater and Simmons, 2013).

Low credibility, particularism, and clientelism have been linked to the actions and choices of political parties in new democracies. Two narratives have prevailed (della Porta, 2004; della Porta and Vannucci, 2016). In the first, lack of accountability for corruption is viewed as a consequence of the dominant position of parties vi-à-vis society and the market. Party organizations can be manipulated to orchestrate sophisticated illicit enterprises, where corruption is channeled toward advancing private and political goals (Mistree, 2015). This pattern of party directed corruption has commonly developed hand in hand with “party machines.”² The second narrative claims that poor accountability for corruption is the byproduct of the weaknesses of parties and the absence of robust party organizations. It relies on the notion that modern political parties are the main

²The party machine model was described in the “urban machine” politics that flourished in the United States at the turn of the twentieth century and in the policymaking in new states in Africa and Asia (Scott, 1969; Bodruzic, 2016). Political party machines suffocated civil society and generated democracies of “low-intensity citizenship” (O’Donnell, 1993) in Mexico under the dominance of the Institutional Revolutionary Party (Fox, 1994; Wallis, 2003), and in Venezuela under the Pact of Punto Fijo between Democratic Action and COPEI (Coppedge, 1994). The Argentine Justicialist Party, formerly a mass Peronist party with strong connections to labor unions, became in the 1990s a political machine (Levitsky, 2003; Kemahlioglu, 2011). The patronage-style of party building in Poland and Slovakia following the fall of the Soviet Union overcrowded state bureaucracies with patronage jobs (O’Dwyer, 2004). Italy’s *partitocrazia* and the workings of its political machines were protagonist in the corruption networks unveiled by the *Mani Pulite* investigations (Golden and Chang, 2001; della Porta and Vannucci, 2016).

institutions in aggregating and articulating the interests in a political community (Weber, 1968; Schattschneider, 1942; Huntington, 1968; Dalton and Wattenberg, 2000), and that strong parties incentivize politicians to cater to broad interests and impose constraints on personal ambitions and opportunistic behavior (Bernhard et al., 2015).

Scholars have pointed out how parties and party elites behave differently in contexts of low credibility and generalized clientelist exchanges. However, these accounts have not been able to connect the incentives that politicians face to the poor institutionalization of parties and party systems in new democracies. To better understand this relationship and its consequences for the accountability for corruption, one needs to consider the structure of incentives that the political system gives to public authorities and politicians in inchoate *vis-à-vis* institutionalized party systems, and to identify the specific channels through which these relationships facilitate or hinder the accountability and answerability of officeholders.

1.2.2.3 Constitutional Designs and Electoral Rules

A vigorous stream of research has investigated how and to what extent constitutional arrangements and electoral systems influence the accountability of public authorities. Because institutions determine the rules of interaction between politicians and between politicians and their constituents,³ they can affect the control and responsiveness of authorities for political misdeeds.

The form of government and various features of the electoral system have been analyzed in their contributions to the control of corruption (Persson and Tabellini, 2004, 2003). Constitutional rules specify how well the constituents' preferences are represented, and give voters differential opportunities to "structure the incentives facing the officeholder agent to induce him to act to enhance their well-being" (Ferejohn, 1986, 8). However, while some scholars claim that institutions that create competitive environments increase accountability and reduce corruption

³Institutions are defined as humanly devised rules that constraint and shape social interactions (North, 1990). They alter political outcomes by "defining a system of incentives that influences the strategic decisions and general behavior" of political agents (Morgenstern and Vázquez-D'Elfa, 2007, 143), thus creating environments where some strategies are more attractive than others.

(Lederman et al., 2005), others hold that fewer veto points or few agencies with overlapping mandates discourage corrupt practices. Gerring and Thacker (2004) linked unitary and parliamentary forms of government with centralized power and hierarchical arrangements that promote clear lines of authority and accountability. Tavits (2007) and Schwindt-Bayer and Tavits (2016) claimed that institutional and partisan configurations that unify power make it easier for voters to monitor their incumbents and to hold them accountable. However, Hale (2011) argued that constitutional designs that stipulated an elected president as the most powerful office facilitated the concentration of informal power and hampered accountability, and Hellwig and Samuels (2008) showed that voters had greater potential to hold incumbents to account under the separation of powers than under parliamentarianism.

The analysis of electoral systems mirrors this lack of agreement concerning the effects of specific institutions. A debate exists between those who link lack of accountability for corruption to systems that promote the personal vote and those who link it to the party vote. Among the first, Kunicova and Rose-Ackerman (2005) posited that proportional representation (PR) systems were more susceptible to corrupt practices than plurality systems, because the former, especially when coupled with presidentialism, tended to increase the influence of the party leadership and concentrate rent-seeking. Specifically, electoral formulas based on closed-list PR would weaken the link between re-election and performance in office (Persson et al., 2003). Other authors associated lack of responsiveness to systems that promoted the personal voting and intra-party competition. As district magnitude increases under the open-list PR formula, candidates need to amass more resources in order to differentiate themselves from other candidates from their party, leading to costly campaigns and the development of personal reputations (Chang and Golden, 2007). Other authors emphasized the district magnitude. Charron (2011) showed that in countries with single-member districts, two-party systems provided higher incentives for opposition parties to monitor corrupt authorities and for voters to punish them, while multi-party systems generated collective action problems due to the uncertainty around who may get the electoral benefits. However, Persson et al. (2003) noted that with PR formulas and large district magnitude, and then lower

barriers to entry, the likelihood of having honest candidates increases, while in single-member districts voters might prefer to vote strategically.

Explanations based on institutional and electoral designs have been encouraged by an interest in isolating “exogenous” sources of variation. Most of the hypotheses, however, have had to deal with opposing arguments, for specific rules can deter certain practices and favor others at the same time. In addition, constitutional reforms are rare events, and most of the comparative evidence comes from cross-country variation, with the concomitant problems of the self-selection of countries into different constitutional rules (Persson et al., 2003, ch.5) and the difficulty of explaining variation in outcomes across countries sharing constitutional and electoral designs.

This general lack of consensus has stimulated new research paths that put political actors—among them, political parties and party systems—at the center of the analysis (della Porta, 2004; Mistree, 2015). Our theoretical argument follows this path of research.

1.3 The Argument

The review above highlights an important but poorly understood variable in the workings of democratic accountability for corruption: the institutionalization of systems of inter-party competition. A voluminous literature in comparative politics has come to the conclusion that “institutionalization” represents a key variable to examine the distinctiveness of parties and party systems in new democracies (Huntington, 1968; Przeworski, 1975; Mainwaring and Scully, 1995a; Schedler, 1995; Mainwaring, 1999; Mainwaring and Torcal, 2006; Payne, 2006; Mainwaring, 2018b; Levitsky, 2018). Because an important scholarly debate has emerged around these terms, we first develop the conceptual building-blocs of our approach and then summarize our main argument.

1.3.1 On the Concepts of Party and Party System Institutionalization

A *party system* alludes to “patterned interactions” between parties (Sartori, 1976), and it implies rules and regularities in inter-party competition as well as a degree of continuity in the components of the system. What matters in a party system is the structure of competition for access to power that comes from the interaction between or among durable party organizations (Aldrich, 2011; Mair, 1997). Such structures can be more or less consolidated and institutionalized. *Institutionalization* refers to “the process by which organizations and procedures acquire value and stability” (Huntington, 1968, 12). A system is said to be institutionalized to the extent that the interaction between its components becomes “well established and widely known,” so that actors can reasonably develop expectations, orientations, and behaviors based on the premise that the fundamental contours and rules of the game will prevail into the foreseeable future (Mainwaring and Scully, 1995b; Mainwaring and Torcal, 2006).

In its original elaboration, Mainwaring and Scully (1995b) analytically decomposed the concept of party system institutionalization (PSI) into four dimensions: (i) the stability in the rules and in interparty competition, (ii) parties with stable roots in society, (iii) the presence of political actors that accord legitimacy to the electoral process and to parties, and (iv) the existence of party organizations with an independent status and value. PSI intended to represent a key dimension for understanding the dynamics of party competition in third-wave democracies and semi-democracies⁴ (Mainwaring and Torcal, 2006). However, as the concept became a “buzzword” in the literature without a proper definition and unique operationalization, scholars began to criticize the all-encompassing meaning of PSI (Luna, 2014a; Casal Bértoa, 2016). Authors pinpointed that some of the concept’s dimensions constituted relatively proximate causes rather than constitutive elements. One approach sought to fix the concept on the stability and

⁴For a review of the literature, see Casal Bértoa (2016) and Rosenblatt (2001). The PSI framework has been applied in Africa by Riedl (2014), Weghorst and Bernhard (2014), and Lindberg (2007); in Asia by Hicken and Kuhonta (2014b), Croissant and Völkel (2012), and Stockton (2001); in East Europe by Tavits (2008), Bielasiak (2005, 2002), and Zielinski et al. (2005); in Latin America by Mainwaring (2018c, 1999), Torcal (2015), Sanchez (2008), and (Mainwaring and Scully, 1995a); and in Western Europe by Chiaramonte and Emanuele (2017).

predictability in patterns of inter-party competition. As Mainwaring et al. (2018a, 17) claimed, “a stable party system that generates a sense of future predictability is *the* defining feature of PSI”. In this conception of institutionalization *qua* stability, PSI constitutes a latent variable manifested in polities where (i) political competition for office occurs among the same key contenders, (ii) the share vote of parties from one election to the next is reasonably stable, and (iii) parties’ linkages to their constituents are relatively stable. A second approach sought to unpack the concept’s structure and to broaden the understanding of the process of institutionalization (Luna and Altman, 2011; Luna, 2014a). Piñeiro and Rosenblatt (2018) observed that the strict association between institutionalization and stability had overlooked that stability could result from different dynamics, and suggested that, for a party system being dynamically stable, it must adapt to the opportunities and challenges emanated from its environment (Morgenstern and Vázquez-D’Elía, 2007). Thus, in addition to stability, PSI includes “incorporation” or “the ability of the system to include new interests and actors and the degree to which the system can be considered an open-access system” (Piñeiro and Rosenblatt, 2018, 6).

Our approach to PSI conceives institutionalization as a dynamic process defined by the stability *and* adaptability of political parties cooperating, collaborating and colligating “in a standardised and structured way” (Casal Bértoa, 2017, 407). *Stability* implies stable patterns of interaction and a sense of future predictability. It captures the continuity in the identity of the main players competing for office. In institutionalized systems, the cost of exit is low, but so is the probability of exit among the main players because of programmatic linkages. *Adaptability* denotes the capacity of parties and the party system to adapt to changing conditions. It presumes that parties “incorporate” societal demands and interests through programmatic linkages and lasting policy commitments.

Our approach to PSI follows that of Mainwaring et al. (2018a) in all but one fundamental aspect: it underscores the capability of parties to incorporate constituents’ concerns through the development of programmatic linkages and platforms.⁵ This distinction matters because it

⁵For Mainwaring et al., the existence of barriers to entry is an important sign of institutionalization in the face of the irruption of political outsiders. Conversely, for Piñeiro and Rosenblatt (2018), the stability in membership should not preclude the appearance of new political actors in consonance with changes in social and economic

allows us to examine whether stable party systems become ossified, that is, institutionally stable but unable to incorporate societal demands and interests, or not. Ossified party systems can give rise to closed “‘administered markets’ with rigid and impenetrable boundaries [...where] parties function as disciplined and exclusionary instruments of elite power, as ‘closed shops’ which monopolize the electoral market and specialize in boundary maintenance” (Schedler, 1995, 18). In fact, over-institutionalization is linked to “partyarchies” and highly unresponsive parties and party elites (Coppedge, 1994). For these reasons, for party systems be able to adapt to the opportunities and challenges posed by their environments, politicians and party elites must rely on ideological and policy commitments and linkages in the medium- and long-run (Schedler, 1995). Parties need to provide some programmatic linkages to channel societal concerns, which allow actors to develop stable expectations and improve democratic accountability and policy consistency.⁶ (Jones, 2010; Mainwaring et al., 2018a)

On the other hand, stable and adaptable party systems must rely on some “core” of parties with durable organizations and an independent status and value (Mainwaring et al., 2018a; Sanchez, 2009; Mainwaring and Scully, 1995b). As Hicken and Kuhonta (2014a, 3-4) pinpointed, “the stability of interparty competition must necessarily depend on the presence of cohesive and ideological organizations creating a setting for patterned electoral contest”. Floating and poorly organized parties can hardly give rise to consistent patterns of competition and societal incorporation in the long run (Randall and Svåsand, 2002), as many new democracies in East Europe (Tavits, 2008; Bielasiak, 2005, 2002; Zielinski et al., 2005), post-colonial Africa (Weghorst and Bernhard, 2014), and Latin America (Levitsky, 2018; Sanchez, 2009) have exemplified.

For some scholars, institutionalized parties must demonstrate “consistent patterns of internal organization, mass mobilization, and leadership succession” (Stockton, 2001). Following Huntington (1968), Dix (1992) elaborated the criteria of adaptability, complexity, autonomy, and coherence in party organizations. Levitsky (1998) differentiated between “value infusion,” when

conditions.
⁶As it is observed, this concept captures the essence of Piñeiro and Rosenblatt’ dimension of incorporation without confounding it with Mainwaring et al.’s concerns about political outsiders that succeed in inchoate party systems.

an organization becomes infused with value beyond its technical performance; and “behavioral routinization,” refereed to the procedures and rules that govern the organization. Randall and Svåsand (2002) distinguished between internal developments within the party itself, including the scope, density, and regularity of interactions that constitute its structure (“systemness”), and its value infusion; and external aspects related to the party’s relationship with society, including its decisional autonomy and public appreciation.

Because we focused on the existence of a “core” of established parties, we employ a minimal conceptualization of *party institutionalization*. Institutionalized parties are defined by their organizational systemness, or the degree of regularity in their internal organization. The concept involves the continuity of distinguishable party organizations over time. A durable core of well-established parties results in a condition for the development of stable patterns of interaction between actors in the system as well as the building of durable party-voter programmatic connections.

In sum, in this research PSI is identified by stable and adaptable dynamics of party competition for office. Party system institutionalization denotes the extent to which patterns of competition and alliances between parties are stable, and parties are able to incorporate societal demands and concerns through programmatic channels.

1.3.2 On the Concept of Political Corruption

Not surprisingly, the concept of corruption stands out for its lack of conceptual clarity.⁷ The philosophical, scientific, and normative views on corruption are complex and multiple (e.g., Génaux, 2004; Warren, 2004; Johnston, 2001, 1996). To navigate through this semantic domain, we follow

⁷Lambsdorff (2007, ch.1) has held the opinion that further elaboration on the concept of corruption is worthless insofar as “most cases of corruption are unambiguously perceived by most observers.” However, carefully designed concepts are a condition not only to convey theoretical leverage on empirical findings, but also to uncover the specific causal paths that lead to the outcome of interest (Valenzuela, 1997). Moreover, scholars may be prone to misleading inferences if (i) the determinants of specific corrupt practices differ from the determinants of other associated but distinctive phenomena that have been coalesced into a single category (Heath et al., 2016); and/or if (ii) particular manifestations of the phenomenon have consequences that systematically vary according to the types of practices in question. As with any analytic construct, “a map *is not* the territory it represents, but, if correct, it has a *similar structure* to the territory, which accounts for its usefulness” (Korzybski, 1933, 58).

Goertz’s (2006) framework of “three-level” concepts, in which constructs are distinguished in the basic level of theoretical propositions, the secondary level of constitutive dimensions, and the level of operationalization and indicators or data.

The modern idea of corruption points to the circumvention of the duties of the public office for reasons of private benefit (Warren, 2004), encompassing everything from graft and cheating to embezzlement, rent-seeking, bribery, fraud, and nepotism (e.g., Leff, 1964; Nye, 1967; Huntington, 1968; Shleifer and Vishny, 1993). A common definition of political corruption is the “misuse of public office for private gain” (Kaufmann, 1997; Svensson, 2005). This broad definition has the benefit of avoiding the over-specification of behaviors that could constitute corrupt acts, and in so doing offers a straightforward connection with most of the standard measures in the field (e.g., Transparency International’s Corruption Perceptions Index). However, this definition leads us with an important “gray area” relative to the appropriate understanding of the rules for the conduct of the public office and, more broadly, of the realities of politics (Philp, 1997). For instance, while some authors include bribery, nepotism (or patronage), and misappropriation (or fraud, embezzlement) as manifestations of corruption (Nye, 1967; Lambsdorff, 2007), those who strictly follow the principal-agent framework do not conceive fraud, embezzlement, or kelpocracy in the same category, for they lack a third party in the exchange (Gambetta, 2002; della Porta and Vannucci, 2016).

Corruption is defined and redefined given a country’s legal, economic, cultural, and political institutions (Svensson, 2005). We borrow from Warren (2004, 332) the notion of *political corruption* as “the inappropriate use of common power and authority for purposes of individual or group gain at common expense”. The definition contains four elements. First, (i) there must be an agent or group entrusted with collective power over decisions or actions. Possible agents embrace both political authorities—either elected or appointed—and public servants. In addition, (ii) there must exist common norms regulating the use of power. Although these norms are usually codified in a country’s legal framework, the legality of an act does not *necessarily* mean that is not corrupt, for laws cannot exhaustively define any behavior by public officials and “the

law can itself originate in corrupt practices” (Philp, 1997, 441). In third place, (iii) an agent or group needs to break these norms.⁸ Finally, there must exist (iv) benefits for individuals or groups in spite of the collectivity (Warren, 2004). To be considered corruption, the agent needs to advance “either an individual’s or group’s financial well-being or a political goal through the misuse of the authority or recourses of an official position” (Gingerich, 2013, 10). Thus, essential to the concept is the substitution of the common good in favor of particularistic interests—either individual or group.

Corruption takes place at different levels of government and public agencies: the executive, the legislature, the judiciary, and the public sector (Table 1.2). These manifestations differ in the scope of the practices at play, the agents involved, and the institutional environments in which they occur. Executive corruption embraces corrupt exchanges, when executive authorities grant favors in exchange for bribes, kickbacks, or other material goods, as well as executive embezzlement and theft, when members of the executive directly steal, embezzle, or misappropriate public funds for personal benefit. Corruption within the legislature is associated with the abuse by members of the legislature for financial and political gains. This includes the acceptance of bribes to help obtain public contracts, different forms of vote-buying, favors in exchange for future employment opportunities, and theft or the misappropriation of public resources or campaign donations. Legislative corruption is sometimes associated with lobbying practices, but lobbying, as a particular form of seeking preferential treatment by public decision makers (Lambsdorff, 2002a), does not suppose an illegal mutual agreement (Søreide, 2009), nor does it limit potential entrants in the competition for influence (Harstad and Svensson, 2011). Judicial corruption commonly appears as extra payments or bribes made by individuals or businesses in order to influence judicial procedures and decisions (McMann et al., 2016). Finally, public sector corruption involves the abuse of entrusted power by public servants (Transparency International, 2009), and typically alludes to the everyday petty corruption, where the gift of a bribe to a public official is

⁸For Gambetta (2002), the main reason for breaking a norm is the pay of a price in some currency, in such a way that there is a common understanding for both parties that they are violating a specific allocation rule in doing so. della Porta and Vannucci (2016) associate corruption to “hidden” deals carried out through an explicit or implicit contract. However, the deliberate and secret nature of corrupt exchanges represents a subsidiary rather than necessary criterion.

used to “facilitate” some services that the official should either provide for free or not provide at all (Treisman, 2007; Aidt, 2003).

Table 1.2: Conceptualization of Political Corruption

Definition	Criteria	Manifestations	Practices	Scale
Inappropriate use of power and authority by public agents who violate office norms for purposes of individual or group gain at common expense	Public agents, norms defining the use of office and authority, the illegal or legal break of those norms, and subversion of the public interest for particularistic gains	Executive	Embezzlement, fraud, corruption networks, political contributions, state capture, malfeasance, etc.	Mostly grand
		Legislative	Embezzlement, corruption networks, political contributions, vote-selling and vote-buying, etc.	Mostly grand
		Judicial	Selling of judicial decisions, collusion, etc.	Grand & petty
		Bureaucratic	Bribes, kickbacks, facilitation payments, etc.	Mostly petty

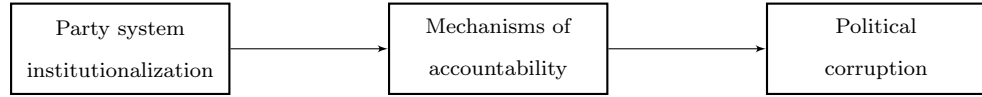
Although corruption can permeate different branches of government at the same time (Yadav, 2011), our case studies shall focus on political corruption as it manifests in grand rather than bureaucratic misdeeds. The reason for this is that political corruption, particularly at the executive and the legislative level, has been detrimental in the context of new democratisers, as it has damaged the overall legitimacy of the regimes and has often triggered political crises (e.g., presidential impeachments) and even democratic backsliding (Seligson, 2002; Canache and Allison, 2005; Pérez-Liñán, 2007).

1.3.3 General Argument

Our theoretical argument holds that competitive regimes where the political and electoral process are structured by institutionalized parties and party systems are most able to build and maintain mechanisms of accountability for corruption. The argument is built on a two-step process (Figure 1.1). First, the properties of institutionalized parties and party systems generate distinctive incentives to parties and party elites to hold politicians to account. Institutional-

ization disciplines party elites and politicians. In institutionalized party systems, parties offer viable and effective vehicles in the pursuit of government power (Mainwaring and Torcal, 2006). Durable party organizations and distinguishable party brands provide career-seeking politicians with opportunities to develop their policy and office ambitions through established parties. This encourages politicians to align their career ambitions with that of the party (Bernhard et al., 2015), which elongates their time horizons and career prospects. At the same time, parties can serve as mechanisms for the control of lame-ducks. Because party elites have invested in building organizations and cultivating party brands, they care about their parties and their reputations. Party brands become valuable assets for party leaders and their candidates; therefore they internalize the harms that involvement in political misdeeds has in their collective reputations.

Figure 1.1: Party System Institutionalization and Political Corruption, Reduced



On the one hand, institutionalized systems offer voters viable alternative parties for the conduction of government. These parties exhibit a diversity of platforms, distinguishable for their programmatic and policy contents. Opposition parties compete with incumbents in credible and predictable ways. Policy and programmatic connections with distinguishable and stable parties constitute viable channels to incorporate their demands and standards to evaluate the performance of officeholders. These factors contribute to the generation of clear and intelligible political and electoral landscapes and increase the value of party brands.

Second, we claim that the intelligibility of the political and electoral process and the responsiveness of parties facing collective reputational costs associated with accusations of misdoings would discourage corrupt practices and favor their control and punishment, thus reducing the levels of corruption in the system.

1.3.3.1 Causal Mechanisms

To what extent do partisan arrangements facilitate the control of corrupt officeholders and politicians? Parties and party elites find in institutionalized party systems opportunities and incentives to hold corrupt authorities to account. First, stable and adaptable party systems provide politicians specific tools to shape the candidates' electoral and career prospects. If party elites have a say on nomination and access to the ballot, they can meaningfully punish politicians for political misdeeds. Second, institutionalized contexts put high barriers to the entry of successful outsiders and preclude the formation of personalistic parties. Conversely, if the destiny of relevant parties relies on the will of strong individuals, unscrupulous politicians have broad opportunities to manipulate parties, burn their brands, and shift responsibility for corruption. Third, party systems that offer predictable and intelligible political environments help opposition parties and citizens to monitor the behaviors of incumbents. Where parties and party brands matter, any possible benefit stemming from corrupt deals must be discounted by the reputational consequences of accusations and scandals. On the contrary, the conjunction between weak institutionalization, lack of credibility and murky reputations encourage unscrupulous politicians to pursue illicit personal and political gains without internalizing the reputational consequences of being involved in misdeeds. Finally, the predominance of clientelist and personalistic connections with constituents preclude the responsiveness of politicians, who have more access to resources and freedom to counterbalance the reputational and electoral costs of accusations of corruption through particularistic exchanges.

In sum, in contexts where party system institutionalization has provided high intelligibility and has facilitated the development of programmatic reputations for party brands, we would expect a more effective accountability and responsiveness for corruption relative to inchoate party systems. It is important to emphasize that the stability of parties and party systems constitutes a necessary but not sufficient condition to bring about accountability for corruption. Even in contexts of high party system stability, politicians in non-programmatic parties can remain largely unresponsive. Politicians in stable and durable parties can provide clarity of

responsibility for outcomes, but for the most part, corrupt incumbents cannot be identified as a collective (partisan) group to be held accountable. Moreover, incumbents may still have access to “alternative technologies” to avoid blame for corruption and to counteract its effects through clientelist and personalistic appeals. As a consequence, a key factor in our approach to PSI is the capacity of parties to develop programmatic and policy commitments that can impose collective costs on politicians and their parties for political wrongdoings.

1.3.4 Relevance

Why is this puzzle important? Empirical studies on the determinants of corruption have largely overlooked the role of political parties and party systems, favoring the isolation of electoral rules and constitutional designs as exogenous sources of variation. In this study, we emphasize the role of political parties and the institutionalization of party systems in building mechanisms of accountability for corruption, examining the precise mechanisms that link the action of parties and the party system with the control of corrupt officeholders.

In spite of the abundant scholarly work on political parties and PSI both at a regional and country level (see Casal Bértoa, 2016; Rosenblatt, 2001), few attempts have been made to assess the co-variation in the levels of PSI and political corruption in a comparative look. Jones (2010) linked institutionalized party systems in Latin America with greater levels of policy consistency due to the strong role played by parties in the political recruitment and their capacity to maintain coherent policy positions over time. Payne (2006) assessed several characteristics of party system, such as institutionalization, fragmentation, and ideological polarization and their effects on the quality of democratic governance. Thames and Robbins (2007) found that higher levels of electoral volatility were strongly and negatively associated with the consolidation of democracy, and Norden (1998) argued that party systems with moderate levels of competition tended to be more stable than either systems with combative party relations or systems with non-competitive and collusive relations. Pérez-Liñán and Mainwaring (2013) linked democratic governance with

past histories of democratic achievement reproduced over time through political parties and legal institutions. At the level of parties, Bernhard et al. (2015) associated party strength with higher economic growth, and Rasmussen and Knutsen (2017) correlated the institutionalization of parties with broader welfare policies, but neither of them explicitly addressed the issue of corruption.

Among recent scholarship, Schleiter and Voznaya (2016) explicitly evaluated the relationship between PSI and levels of political corruption. They predicted that more institutionalized party systems were associated with better scores on aggregate indexes of perceived corruption. However valuable, their analysis heavily relied on a concept of institutionalization *qua* stability. Therefore, their approach could not rule out the possibility of stable but unaccountable parties. This is the case of “ossified” party systems, where stability relies on exclusionary patterns of inter-party competition and collusive relationships between parties (e.g., Slater and Simmons, 2013; Schedler, 1995; Coppedge, 1994). Parties that sustain exclusionary dynamics and do not incorporate societal demands make politicians highly unaccountable for their acts in office.

Our study also speaks to important theoretical and normative issues in the study of the quality of governance and party systems in Latin America. It engages in a research agenda that has transited from the analysis of transitions to democracy to the quality of the institutions of democratic governance in the region (Mainwaring and Pérez-Liñán, 2015; Kitschelt et al., 2010b; Mainwaring and Scully, 2008; Payne et al., 2006; Jones, 2010). Within the literature on Latin American politics, the study of political corruption has been rarely linked to the institutionalization of parties and party systems (Morris and Blake, 2009; Blake and Morris, 2009; Whitehead, 2000). From this perspective, our approach represents a novel attempt in building bridges between the literature on parties and PSI in the region with the rich tradition of scholarship on the determinants of corruption.

1.4 Research Strategy

To evaluate the theory’s main argument and its causal mechanisms, our study relies on a mixed-method research design (Seawright, 2016). It develops a “nested analysis” that combines the statistical analysis of a large sample of cases with the in-depth investigation of a few cases contained within the sample (Lieberman, 2005). The first component presents a “plausibility probe” analysis (George and Bennett, 2005) of the relationship between PSI and political corruption.

To test the specific causal paths proposed by our theory, we use a within-case study of two countries in Latin America. Through descriptive inferences and process-tracing of the institutionalization of party system in post-authoritarian Brazil and Chile, we evaluate the nature, scope, and mediating mechanisms in the relationship between PSI and accountability for corruption.

1.5 Outline

This monograph is organized as follows. Chapter 2 develops a theoretical framework that links the accountability for political corruption in new democracies with the institutionalization of parties and party systems. An empirical analysis of the aggregate levels of political corruption and party system institutionalization in a cross-section of democracies is developed in chapter 3. It is hypothesized that, *among democratic countries, higher degrees of party institutionalization and party system institutionalization are associated with lower levels of aggregate perceived political corruption.* The analysis confirms that democratic experience does not lead, by itself, to lower corruption. Countries also need to institutionalize dynamics of inter-party competition and societal incorporation. Party system institutionalization is consistently associated with lower levels of perceived political corruption, controlling for relevant political, institutional, and economic correlates.

Derived from this analysis, cases are selected for an in-depth examination in chapter 4. The selection of cases relies on both methodological and theoretical criteria. Our cases are theoretically important for hypothesis-testing and fit the relevant parameters of inquiry (Kaarbo and

Beasley, 1999), exhibiting favorable (Chile) and unfavorable (Brazil) conditions for accountability. Chapter 5 and chapter 6 trace the institutionalization of party systems in post-authoritarian Brazil and Chile, revealing the nuances of the process of institutionalization *qua* stability and incorporation. Chile represents a case that, after a protracted and repressive authoritarian government, effectively institutionalized a democratic party system in which the continuity in party brands and leadership as well as in the distribution of electoral preferences were key to consolidating a stable core of parties and coalitions. This intelligible landscape facilitated the control of corrupt politicians and motivated a coordinated response to corruption once the first important scandals appeared. In Brazil, the stabilization of a post-authoritarian party system followed a more erratic path. Accountability was hindered in this case by an “overcrowded” political environment, with high autonomy of politicians vis-à-vis their parties. The characteristics of the Brazilian *presidencialismo de coalizão* and incentives for political careers outside the legislative arena hindered the link between performance in office and electoral success as well.

The final chapter 7 summarizes the theoretical and empirical contributions of the study, and outlines policy implications derived from it.

Chapter 2: Party System Institutionalization and Accountability for Corruption

2.1 Overview

Why did the establishment of free electoral competition and democratic institutions not uniformly lead to the probity of government in newly democratized nations? As we saw in the introductory chapter, conventional explanations for the persistence of political corruption in new democracies pointed to the levels of political and economic development and ill-advised electoral and constitutional designs. Although these constructs found support in empirical scholarship, their results were sometimes contested, they provided ambiguous predictions for countries sharing some of these characteristics, and they did not always assess the specific mechanisms connecting the *explanans* with the *explanandum*. In this chapter, we develop an explanatory framework based on the role of a poorly understood variable in the workings of democratic accountability—i.e., the institutionalization of parties and party systems. Because “citizens’ control over politicians is at best highly imperfect in most democracies” (Manin et al., 1999a, 50), our theory seeks to identify conditions that enhance the prospects for the democratic control of corrupt public authorities from the standpoint of political parties and their interactions with party elites and politicians.

What makes it possible for corrupt incumbents to be removed from office? Voting decision rules and institutional designs mediate the opportunities to control unscrupulous politicians and to “throw the rascals out” (Pavão, 2015; De Sousa and Moriconi, 2013; Lupia and McCubbins, 1998; Popkin, 1994). Institutional approaches have demonstrated that constitutional and electoral arrangements provide citizens with differential opportunities to structure the incentives facing officeholders (Ferejohn, 1986). However, the role of political parties and their dynamics of interaction and competition have remained comparatively unexplored. Because “in

most democracies, parties are the primary mechanism of electoral accountability” (Mainwaring, 2018b, 98), understanding how the consolidation of stable and adaptable party systems impacts the mechanisms of accountability for corruption constitutes a question of substantive theoretical and normative importance.

To address this question, our theory posits that polities where political competition for office occurs among well-established actors, follows relatively stable patterns, and gradually incorporates societal demands are most able to build and maintain mechanisms of accountability for corruption. Notwithstanding the role of other institutional and socio-economic factors, new democracies that have developed relatively stable party systems over time through political parties capable of incorporating societal demands provide “identifiability” and “responsiveness” for corruption. Identifiability is the product of durable and identifiable party organizations, interacting in stable ways and giving rise to predictable patterns of alliances and oppositions. Responsiveness is the result of the alignment of politicians’ and parties’ goals, and the reliance of parties on platforms, programmatic party brands, and collective reputations. In turn, identifiability and responsiveness strengthen specific channels through which parties can hold corrupt authorities accountable.

This chapter accomplishes two goals. Building on the empirical work of Schleiter and Voznaya (2016) and Mainwaring (2018b), it develops a more extensive and theoretically sophisticated assessment of the relationship between PSI and accountability for corruption. In second place, following the revisionist literature on PSI, we claim that the systemic stability component intimately associated with the notion of institutionalization might constitute a *necessary* but *not sufficient* condition for party system institutionalization to bring about more control and accountability for corruption. Party systems must have the capacity to adapt to the opportunities and challenges posed by their environments (Morgenstern and Vázquez-D’Elía, 2007), which happens when they incorporate societal concerns and demands in non-disruptive ways (Piñeiro and Rosenblatt, 2018). According to our theory, parties need to develop some forms of programmatic linkages and brands, so that party elites and politicians internalize the collective and partisan

reputational costs for corruption. In this way, we aim at engaging in the ongoing debate on how PSI should be defined, and how its internal conceptual structure should be specified and operationalized (cf. Piñeiro and Rosenblatt, 2018; Mainwaring et al., 2018a; Casal Bértoa, 2016; Luna, 2014a).

2.2 PSI and Accountability for Corruption

Scholars have found a correlation between (higher) levels of party system institutionalization and (less) aggregate perceived corruption in competitive regimes (Mainwaring, 2018b; Schleiter and Voznaya, 2016). However, the causal mechanisms connecting the *explanans* with the *explanandum* have arguably remained under-theorized. Moreover, the distinction between party institutionalization and party system institutionalization is overlooked (Casal Bértoa, 2017), as it is the dimensions of stability and programmatic incorporation in the process of institutionalization (Piñeiro and Rosenblatt, 2018).

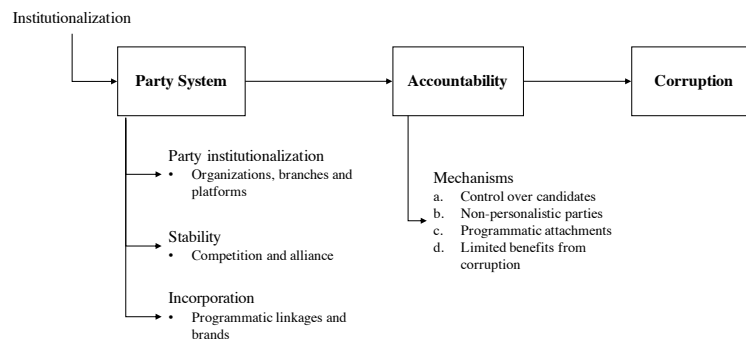
Our explanatory framework develops the micro-foundations of the relationship between PSI and accountability for corruption, and by so doing clarifies important theoretical gaps in the literature. Following a mechanism-based approach, we conceptualize the parties' incentives and capabilities to control corrupt politicians and specify how the institutionalization of party systems alter these incentives and capabilities. To enhance external validity, we frame our mechanisms in terms of general variables instead of idiosyncratic country characteristics (Slater and Ziblatt, 2013). The framework connects several pieces in the institutional analysis of corruption and the PSI literature as well as the emerging scholarship on the micro-foundations of accountability. We borrow from the theory of the "clarity of responsibility" the notions of identifiability and responsiveness (Schwindt-Bayer and Tavits, 2016; Tavits, 2007; Hellwig and Samuels, 2008), and from the theory of collective reputations (Tirole, 1996) and party brands (Lupu, 2016b) the internalization of costs associated with accusations of corruption. We first summarize our argument, and then elaborate on its causal mechanisms. We propose four channels through

which political parties can hold corrupt authorities into account: control over candidate selection and promotion, autonomy from strong personalities, discounted benefits derived from corrupt transactions, and the development of programmatic attachments to parties. Each mechanism is evaluated in relation to the incentives and capabilities that institutionalized *vis-à-vis* inchoate party systems provide to political parties, party elites, and politicians.

2.2.1 The Argument

Competitive politics work most effectively as instruments of control for corrupt officeholders when they are structured by institutionalized parties and party systems. Party system institutionalization, understood as stable dynamics of competition among parties that are able to incorporate societal demands, influences the workings of accountability for political corruption by providing more identifiability and responsiveness (Figure 2.1).

Figure 2.1: Party System Institutionalization and Political Corruption



The argument is built on a two-step process. First, stable party systems and parties capable of incorporating societal demands generate distinctive incentive structures to politicians and party elites. In institutionalized systems, politicians' career ambitions are more aligned with those of their political parties, which elongates politicians' time horizons and gives them incentives to invest in party organizations and cultivate party brands. The building of policy and programmatic

linkages with distinguishable parties provide channels to incorporate constituents' demands and standards to evaluate the performance of officeholders. PSI helps produce intelligible political and electoral landscapes, with stable patterns of alliances and opposition, which we denominate an “identifiability” effect. Likewise, it increases the value of party brands and raises the reputational costs associated with corruption, which we call a “responsiveness” effect.

Second, the identifiability and responsiveness associated with institutionalized party systems grant parties and party elites specific incentives and opportunities to hold corrupt politicians accountable. If these mechanisms of accountability function effectively, we will expect a decrease in the overall levels of political corruption in the system.

2.2.2 PSI, Identifiability and Responsiveness

To understand why parties, insofar as they are organized in party systems, contribute to the identifiability of responsibility for corruption and the responsiveness of public authorities, we must specify incentives and constraints that parties and politicians face. We underscore the structure of capabilities and incentives that these actors find in institutionalized *vis-à-vis* inchoate party systems.

First, institutionalization disciplines politicians. When teams of politicians look for organizations to realize their office- and policy-seeking goals (Aldrich, 2011; Downs, 1957), institutionalized parties appear as attractive and effective devices in the route to executive and legislative power (Mainwaring and Torcal, 2006). Institutionalized parties are characterized by a degree of regularity and durability in their internal organizations. The routinization of procedures and rules governing the organization of parties and their leadership succession creates specific incentives in the structuring of politicians' careers. Institutionalization reduces contingency and uncertainty (Lupu and Riedl, 2013; Levitsky and Murillo, 2009), which enables actors to “develop stable expectations and to expand their planning horizons” (Schedler, 1995, 15). In stable party systems, durable party organizations and distinguishable party brands provide exceptional opportunities

for political entrepreneurs to develop their careers through established parties. Politicians align their career ambitions with that of the party (Bernhard et al., 2015), which elongates their time horizons. This is the case because stable and organized parties draw predictable career paths, where the fortune of politicians is linked to the overall performance of their parties in the medium and long run. As Mainwaring et al. (2018a, 20) observe, “if politicians are committed to their parties, and if they have invested in building solid organizations, it suggests that they expect to remain affiliated with that organization and work for its success”. Under these conditions, party elites have a high stake in monitoring the actions of party members, because accusations of corruption threaten to damage not only the individuals involved in misdeeds but also the reputation of the party and its leaders.

Second, in institutionalized settings, parties can serve as mechanisms of control for lame-duck officeholders. Where party leaders have found incentives to invest in building party organizations and recruiting a loyal base of support (Coppedge, 1998), they are more likely to care about the prospects of their parties and their reputations both in the short and the long term (Geddes, 1990). This favors the cultivation of party brands, as collective images of the type of citizen a particular political party represents (Lupu, 2016b). In institutionalized systems, these brands constitute valuable assets for party leaders and their candidates alike. Because party reputations constitute a collective asset for party members (Tirole, 1996), party elites will look to discipline members who have committed egregious acts of corruption, expelling them from their parties or impeding their nominations to run for public office.

Conversely, where parties are short-lived and poorly organized institutions, career-seeking politicians face very different incentives. In inchoate party systems, politicians can most easily rely on alternative strategies and technologies to mobilize support without parties (Levitsky, 2018). Where political competition becomes less structured by parties, it tends to move in the direction of candidate-centered movements and electoral vehicles led by political mavericks (Sanchez, 2008). Volatile patterns of competition among weakly institutionalized parties ensure that politicians’ ambitions are less aligned with the fate of their parties. Unscrupulous politicians

find low transaction costs to shifting blame for corruption to their parties if party organizations are poorly institutionalized. In personalistic parties, leaders involved in corruption can even burn their party brands and re-build their careers under different parties. Office-seeking politicians have shorter time horizons, and they have incentives and opportunities to switch between parties (Desposato, 2006; Zielinski et al., 2005; Schleiter and Voznaya, 2016). Patterns of party alliances and opposition are unstable, which makes the monitoring of corrupt incumbents erratic and blurs the identifiability of parties responsible for corruption.

Third, the nature of party attachments constitutes an important factor in the responsiveness of parties and politicians as well. Party-voter linkages, as the predominant relationships and modes of exchanges between parties and constituents, can be based on different grounds (Kitschelt, 2000): clientelist, based on exchanges of goods and cash; personalist, based on politicians' personal characteristics and charisma; or programmatic, based on policy and ideological commitments. In politics where institutionalized party systems rely on programmatic linkages, parties privilege policy and ideological commitments to appeal to their constituents and gather support. Programmatic commitments allow politicians to develop expectations about their social bases of support and improve policy consistency and cohesion within parties (Jones, 2010; Kitschelt et al., 2010a; Mainwaring et al., 2018a). Programmatic linkages help align politicians' career goals with the ideological and policy preferences of social interests and strengthen the value of national partisan platforms. Moreover, programmatic parties can survive the removal of individual corrupt politicians, making the cost of reducing corruption lower for parties and political elites. This makes the overall party system adaptable, because parties can incorporate society's demands and concerns through institutionalized channels instead of alternative "political technologies" that individuals or groups could make use of in order to influence collective decisions (e.g., threats of violence) (Scartascini and Tommasi, 2012). Conversely, where parties depend heavily upon clientelist, personalist, or patronage exchanges, the incorporation of social interests is fragmented and contingent on the interests of patrons and personalistic leadership. Parties have low incentives to hold personalistic leadership accountable because the fortune of

the entire party can rely on personalistic supports to the leader. Likewise, politicians can resort to personal charisma and direct exchanges with localized constituencies, cultivating personal reputations autonomous of their party’s platforms and commitments.

Finally, parties and party systems shape the “informational environment” in which politicians and voters interact. The institutionalization of the party system has an impact on the way in which retrospective control is exerted, and thus influences oppositions’ incentives to monitor corrupt behavior and voters’ ability “to cast reasoned votes based on the performance of the incumbents” (Powell, 2000, 51). The notion of *clarity of responsibility*, defined as the ability of voters to identify politicians and parties responsible for undesirable outcomes, makes explicit that if citizens cannot identify responsibility for misdeeds, elections cannot be used to hold policymakers accountable for their actions while in office (Hellwig and Samuels, 2008). Research has demonstrated that, among other institutional and structural factors, party systems and partisan arrangements play a key role in the establishment of responsibility for corruption (Schleiter and Voznaya, 2016; Schwindt-Bayer and Tavits, 2016; Tavits, 2007; Adsera et al., 2003). Given that accountability is in part a function of the capabilities of citizens to judge the performance of their authorities (Gailmard, 2014), partisan and institutional configurations that provide clear informational environments can increase prospects of voting based on concerns over corruption (Chang et al., 2010; Ferraz and Finan, 2008; Popkin, 1994).

PSI increases the intelligibility of the political and electoral process and by so doing clarifies the assignment of responsibility. In institutionalized systems, voters can identify decision-makers and link authorities to recognizable parties and party brands.¹ Because the same core of actors has competed in election after election, with relatively coherent positions and patterns of coalition, the political process is more “intelligible.” In these contexts, parties are more prone to provide “clues” and “hints” to overcome information shortfalls and identify party members and their stances (Downs, 1957; Lupia and McCubbins, 1998). Stable patterns of coalition-building,

¹Shugart and Mainwaring (1997) use the concept of “identifiability” in a more specific way, as voters’ ability to discern the likely range of post-election governments based on alternative possible executive-controlling coalitions. Instead, we define it as voters’ ability to discern about the relevant players in competition for office and their party platforms.

alliances and opposition allow voters to distinguish who the main actors are, and what they stand for (Mainwaring and Torcal, 2006; Mainwaring and Zoco, 2007). In that way, political corruption can be linked not only to individual officeholders but also to governing parties and stable coalitions, thus increasing the stakes for parties to be involved in political misdoings.

Conversely, weak party system institutionalization impoverishes the informational environment in which politics and the policy-making process take place (Scartascini et al., 2010a; Scartascini and Tommasi, 2012). Poorly institutionalized party systems are characterized by erratic dynamics in the competition for office and changing parties (Mainwaring et al., 2018a; Torcal and Mainwaring, 2003; Sanchez, 2008), all of which obscures the assignment of responsibility. Where the interaction of political players is unpredictable and erratic, exclusionary patterns of political representation are more likely. This has occurred, for instance, through collusive relations between parties in government and the opposition (Slater and Simmons, 2013). Likewise, the constant flux in the supply of political parties, and the consequential structural disequilibrium between party supply and demand, damage the mechanisms of electoral punishment because parties cannot be judged on the basis of their performance in office (Rose et al., 2001), and neither politicians nor citizens are certain about the viability of potential opposition parties. Indeed, “if a party disappears during the life of a parliament, then those who voted for it at one election cannot pass a judgment on it at the next” (Rose et al., 2001, 419). Because the identity of the main contenders in competition vary greatly from one election to the next, the informational cues that both opposition parties and citizens can obtain from candidates are contingent and erratic (Tavits, 2008; ODwyer and Kovalčík, 2007; Innes, 2002). This effect is magnified by frequent switches between parties, which increases the autonomy of candidates from their parties and obscures the assignation of responsibility for misdeeds (Desposato, 2006; Zielinski et al., 2005; Schleiter and Voznaya, 2016).

All in all, it must be noted that stable party systems and clear informational environments might be *necessary* but *not sufficient* to sustain accountability for corruption. Even in contexts of high party system stability, politicians in non-programmatic parties can remain largely

unresponsive. This is the case because the stabilization of party systems do not preclude the development of non-programmatic exchanges (Levitsky, 1998; Bernhard et al., 2015; Mainwaring, 2016). Stable dynamics of party competition can be achieved through different paths, including personalist and clientelist connections.² However, in the absence of programmatic and policy commitments, parties are hardly democratically accountable, and the incorporation of societal interests and demands is limited. Politicians in stable and durable parties can provide clarity of responsibility for outcomes, but for the most part corrupt incumbents cannot be identified as a collective (partisan) group to be held accountable. Incumbents may still have access to resources to avoid blame for corruption and to counteract its effects through clientelist and personalistic appeals. Personalist politicians can manipulate parties in their benefits, switch parties, shift blame to party members, and burn their party labels without propagating the (collective) reputational costs for political wrongdoings.

To visualize the relevance of *both* dimensions of PSI, we identify four hypothetical scenarios given by the dimensions of stability and programmatic incorporation of party systems (Figure 2.2). Benefit-seeking politicians face different incentive structures and constraints along these two variables. Simplifying, in contexts of low party system stability and weak programmatic incorporation, it is relatively costless for unscrupulous politicians to incur in malfeasance and political misdeeds (i). Identifying responsible parties and hold them accountable results troublesome, and programmatic or policy reputations are non-valuable assets in the pursuit of office. This scenario resembles many situations in newly democratized nations where public authorities lack credibility, political parties are poorly developed and have murky reputations, and corruption is widespread.

The consolidation of a core of stable political actors and the development of predictable dynamics of competition help improve the intelligibility of the political and electoral process (ii). Stability and predictability give incentives to party elites and party members to cultivate party brands and care about their collective reputations, thus raising the costs associated with

²For instance, party system stability in a number of countries in Asia and Africa has benefited from the presence of former authoritarian parties (Riedl, 2014; Hicken and Kuhonta, 2014a; Hicken and Martínez Kuhonta, 2011; Croissant and Völkel, 2012; Lindberg, 2007)

Figure 2.2: Accountability in Four Scenarios of Party System Institutionalization

		Party System Stability	
		Low	High
Programmatic Incorporation	Low	Hardly accountable nor responsive (i)	Accountability restricted to partisan interests (ii)
	High	Sporadic and erratic accountability (iii)	Effective accountability and responsiveness (iv)

accusations of corruption. However, lacking programmatic linkages to their constituents and recognizable party platforms, politicians have access to alternative technologies to mobilize voters, shift blame for corruption, and counteract the reputational consequences of accusations via clientelist and personalistic appeals. Stable but exclusionary patterns of competition facilitate collusive relations between parties in government and the opposition (Slater and Simmons, 2013), contributing to shape ossified party systems monopolized by unaccountable political elites and “partyarchies” (Schedler, 1995; Coppedge, 1994). Where it exists, accountability is weak and confined to powerful partisan interests.

It can also be the case that some degree of incorporation is facilitated through the development of policy and programmatic commitments by major parties in contexts of low party system stability (iii). Accusations of corruption harm party brands and party elites take an interest on their collective party reputations, but fluid patterns of interaction between parties and changing coalitions limit the effectiveness of the control of corruption. Politicians can escape accountability by switching parties or developing entrepreneurial careers. Because competition for office is unpredictable and the main parties are not fully consolidated, time horizons are shortened and accountability works in sporadic and erratic ways.

Finally, in the last hypothetical scenario, high party system stability *and* incorporation shape intelligible political environments *vis-à-vis* programmatic party reputations (iv). Party elites internalize the damage that corrupt politicians make to the prospects of their parties and party brands, and they have an interest in monitoring the behaviors of their co-partisans and authorities. This is the ideal-type scenario for the occurrence of effective accountability and responsive-

ness for political corruption.

2.3 Parties and Accountability: A Mechanism-Based Approach

Under what conditions can parties control corrupt politicians? As teams of politicians organize to realize office- and policy-seeking goals (Aldrich, 2011; Downs, 1957), political parties can take an interest in holding corrupt politicians into account if they have the capacity and incentives to do so. However, most of the discussion in the literature has focused on the distinction between “weak” and “strong” parties. To some authors, political corruption is a consequence of the dominant position of parties *vis-à-vis* society and the market (Mistree, 2015). For others, political corruption is linked to the weaknesses of parties subjected to the ambitions of strong leaderships and political outsiders. However, these narratives do not specify the conditions under which party elites and party members are capable of holding politicians into account in institutionalized versus inchoate party systems, and what the consequences might be for the accountability for corruption in young democracies.

2.3.1 Control over Candidates

To what extent do parties and party elites have control over which candidates move forward? A basic tool to control corrupt politicians is preventing them from running for office under the party brand. If politicians are free to run for office by their own means and resources and incumbents get easily reelected regardless of their parties, they are more likely to remain safe from internal controls by co-partisan and party bases. Conversely, parties can shape politicians’ careers most effectively if they have influence on the nomination and advancement of candidates through institutional and intra-party arrangements.

The electoral system plays an important role in determining the promotion and nomination of candidates for office. Party-centric rules, such as closed-list PR systems, give party elites

important decision-maker powers to arrange party lists and place candidates. Politicians must spend energy on intra-party negotiations to curry favor from factions and party members. Conversely, systems that generate incentives to cultivate personal votes, such as the open-list PR formula, decrease the role of parties and even encourage intra-party competition. In fact, as district magnitude increases under the open-list PR formula, candidates face incentives to differentiate themselves from other candidates from their party list, which is also associated with costly campaigns to develop personal reputations (Chang and Golden, 2007). Because campaigns driven by personalist candidates are mostly managed by themselves rather than by parties, they decrease the value of party organizations and their capacity to steer candidates.

PSI interacts with institutional rules to enhance a party's control over candidates, though it does so in indirect ways. Institutionalized parties are characterized by a degree of regularity and durability in their internal organizations. The routinization of procedures and rules governing the organization of parties and their leadership succession shape the structure of politicians' careers. Where established parties are the main vehicle to achieve government, parties can serve as mechanisms to control unscrupulous officeholders. If parties structure the political and electoral process, candidates may be precluded from nomination if they have been accused of wrongdoing. However, these capacities are limited in politics where parties are poorly nationalized and competition is driven by decentralized and localist power dynamics. Poorly nationalized systems, where major political parties obtained highly unequal support throughout the territory (Harbers, 2010; Jones and Mainwaring, 2003), give more opportunities to develop localist constituents and strong personalist candidates, who can successfully run for office without the support of their parties. This phenomenon is magnified in robust federalist systems, where mayors and governors are powerful actors, have considerable autonomy, and can rely on independent electoral bases and resources (Mainwaring, 1997), thus giving rise to competing sources of power within parties (Gerring and Thacker, 2004).

The party's position *vis-à-vis* individual politicians is also affected by the structure of funding. Where politicians have to gather their own resources to run their campaigns and political

activities, their electoral success depends largely on their own networks of support and less on the party's material and symbolic resources. Where parties have built a membership-based system of finance, these resources can be distributed to candidates in consonance with their past records and competitiveness.

2.3.2 Personalistic Parties

To what extent are the survival and success of parties independent from strong individuals? If the destiny and electoral success of parties depend heavily upon a few strong individuals, the prospects of holding these politicians accountable are poor. Parties that are shaped by personalistic ventures and political outsiders cannot act against the political abuses of their leaders without facing important costs, such as electoral defeats and party brand damage. Conversely, these politicians have many opportunities to manipulate parties at their will, switch parties, shift blame to party members, and burn their party brands without internalizing the reputational costs for political misdeeds.

Institutionalized party systems preclude the emergence of strong personalist parties and the success of political outsiders. Where teams of politicians look for organizations to realize their goals, institutionalized parties appear as attractive and effective devices in the route to executive and legislative power (Mainwaring and Torcal, 2006). In stable party systems, durable party organizations and distinguishable brands provide incentives for political entrepreneurs to develop their careers through established parties. Politicians align their career ambitions with that of the party (Bernhard et al., 2015). Where party leaders have found incentives to invest in building party organizations and recruiting a loyal base of support (Coppedge, 1998), they are more likely to care about the prospects of their parties and their reputations both in the short and the long term (Geddes, 1990). Longer time horizons and stronger attachments to parties make politicians "less willing to risk burning the party label in order to eke out a short-term personal gain" (Mainwaring, 2018b, 74). This favors the cultivation of party brands and the creation of

“collective reputations” within parties (Tirole, 1996). In institutionalized systems, party brands constitute valuable assets for party leaders and their candidates alike. Party brands are attached to parties and party platforms rather than the personalistic characteristics of strong leaderships. Because the destinies of party brands and their members do not rely entirely on individual leaders, party elites have more incentives to hold unscrupulous members to account in light of the collective reputational costs associated with corruption.

In inchoate party systems, politicians can most easily rely on alternative strategies and technologies to mobilize support without parties (Levitsky, 2018). Volatile patterns of competition among weakly institutionalized parties ensure that politicians’ ambitions are less aligned with the fate of their parties. When political competition becomes less structured by parties, it tends to move in the direction of candidate-centered movements and electoral vehicles led by political mavericks (Sanchez, 2008). For example, Mainwaring (2018b) reported that all winning outsider candidates in post-authoritarian Latin America rose to power in the context of volatile and poorly institutionalized party systems. In turn, personalist leaderships and parties tended to undermine democratic institutions of political accountability (Levitsky and Loxton, 2013; Levitsky and Way, 2010), and in some cases even triggered the collapse of party systems (Dietz and Myers, 2007; Tanaka, 2006). Populist leaders in Peru, Venezuela, Bolivia and Ecuador have been mostly political outsiders who lacked experience with democratic institutions and solid parties. They have circumvented established parties and other institutional channels (Levitsky and Loxton, 2013), thus further hindering the consolidation of stable and adaptable party systems.

2.3.3 Benefits from Corruption

To what extent do parties benefit from corruption? Even if parties exist as autonomous organizations and have the means to shape politicians’ career prospects, party elites and members may not have an interest in holding corrupt politicians accountable if the party greatly benefits from illicit *quid pro quo* deals. A party’s success may depend on resources that stemmed from

corruption, in which case incentives to dissuade corrupt politicians are few.

In principle, the democratic control of officeholders assumes that corruption constitutes a variant of the “principal-agent” problem (Aidt, 2003). According to this view, corruption occurs as a result of the divergence between the principal’s interests and those of the agent who performs a task on his or her behalf. Given that accountability is a function of the capabilities of principals to judge the performance of their agents (Gailmard, 2014), parties would have an interest on avoiding corrupt politicians if they are able to do so. However, corruption may turn into a “collective action” problem if it alters the actors’ beliefs about the appropriate rules-in-use (Rothstein and Teorell, 2008; Persson et al., 2013). Where corruption is widespread and systemic, it may create norms about how to deal with politics based on expectations about others’ behaviors. Indeed, one of the reasons new democracies might not be as effective in holding their governments accountable as their developed counterparts is because their public authorities lack credibility (Keefer and Vlaicu, 2008), which has been associated with high targeted transfers, high levels of corruption, and low public good provision (Keefer, 2007). From the viewpoint of politicians, voters are portrayed as driven by particularistic and local demands, attached to personalistic candidates, and with tolerance for corruption. For example, Manzetti and Wilson (2007) found that citizens were more likely to support a corrupt government if the country lacked effective institutions. In Latin America, cultural approaches suggested that citizens were more tolerant of corruption than those in Western Europe and East Asia (Moreno, 2002). Moreover, the pervasiveness of corruption can lead to “political cynicism,” by which citizens believe that all politicians and parties are equally dishonest and incompetent in dealing with corruption Pavao (2015). Knowing these facts, political elites and party members would have no interest in dissuading corrupt politicians.

Political elites may also have little incentive to hold corrupt incumbents to account if the party benefits directly from illicit transactions. Facing a lack of credibility, political elites might choose to substitute clientelism for programmatic and ideological appeals. In such clientelistic exchanges, material goods are proffered in return for electoral support in the form: “did you

(will you) support me?” (Stokes, 2009, 649). Then, corruption might be suitable to maintain highly centralized schemes conducted for the sake of the party and its electoral prospects. Corrupt politicians take advantage of political parties’ unique organizational infrastructure and territorial coverage to articulate two circuits of exchange: one in which party elites attract resources from resource-rich but vote-poor constituencies in exchange for favors, the other where candidates and brokers deliver material incentives to vote-rich but resource-poor constituencies in exchange for their support (Kitschelt, 2000). For instance, Gingerich (2013) claimed that where bureaucracies were politically penetrated and electoral outcomes were contingent on the allocation of state resources, strong parties coupled with party-centric rules might give rise to “robust and well-disciplined political corruption networks within the bureaucracy” (Gingerich, 2013, 7). In such cases, party elites and members would face important trade-offs in holding their authorities accountable.

Institutionalized party systems may not preclude all the possible benefits derived from corruption. As we pinpointed in the introductory section, some stable party systems can become ossified, and thus unresponsive to accusations of corruption. This is one of the reasons why our concept of PSI also digs into the foundations of stability, for party systems that base their institutionalization in programmatic platforms and linkages to their constituents provide alternative means for politicians and parties to build credibility and mobilize the electorate. Where political elites have invested in party organizations and have cultivated distinguishable party platforms, possible benefits that parties can derive from corruption must be discounted from the reputational harm that disclosures and scandals bring to the party’s collective reputation. Since party success depends at least in part on programmatic and policy commitments in the medium and long term, corruption incurs high reputational costs not only for the politicians involved but also for their co-partisans. Expecting party brand damage and collective reputational consequences, party elites may perceive the benefits stemming from corruption with a critical eye. Conversely, in contexts where parties are ephemeral, politicians have murky reputations, and party organizations are poorly developed, any benefit derived from illicit transactions may represent a worthy

venture for the party. Moreover, individual reputational costs may not extend for co-partisans, and politicians can most easily counterbalance accusations through alternative technologies of electoral mobilization i.e., clientelism, patronage, and vote-buying.

2.3.4 Attachments to Parties

Are parties and politicians attached to their constituents through personalistic and clientelist linkages instead of national partisan platforms and policy stances? The predominance of personalistic and clientelist party-voter linkages is detrimental to the control and punishment of corrupt but “popular” incumbents. Where parties have built their reputations through personalistic and clientelist linkages, unscrupulous politicians can induce important “trade-offs” in voters’ incentives to punish corruption (Rundquist et al., 1977; Muñoz et al., 2012).

Where parties have not sought to cultivate long-term programmatic and policy attachments to their constituents, they induce high trade-offs to punish corrupt incumbents. If a party bases its appeals on strong leadership and personalistic charisma, voters have low incentives to evaluate the party for its performance in office. Even in contexts of high clarity, strong politicians and non-programmatic parties can remain largely unresponsive. In fact, personalist leaderships can provide clarity for outcomes, but they may utilize strategies to avoid blame and to counteract the reputational effects of corruption through clientelistic and personalistic appeals. Likewise, the extensive use of clientelism and patronage make candidates’ success contingent on the target of benefits and not on the party’s performance in office and the popularity of its policies (Stokes, 2009). To the extent that patron-client relationships lead politicians to ignore the direct organization of voters, mechanisms of democratic accountability are hampered (Keefer and Vlaicu, 2008), and it becomes unlikely that parties and constituents may have an interest in punishing political misdeeds.

In institutionalized party systems, party leaders are more responsive to accusations of corruption because they can be judged based on their parties’ programmatic and policy commitments.

Because in institutionalized systems parties are more likely to operate as vehicles of representation in the face of societal and economic challenges (Piñeiro and Rosenblatt, 2018), programmatic parties incentivize the formation of long-term relationships with social groups and constituents. Parties and their platforms can be identified along with the relevant axis of political competition, and citizens can make electoral choices contingent upon at least some idea of parties' programmatic records and proposals (Kitschelt et al., 2010a). Politicians, in turn, cannot verify which individuals supported them, and hence cannot easily target benefits in exchange for votes. However, in specific cases, programmatic linkages can operate as shields on corrupt accusations if incumbents prioritize other issues that voters deem important, or if an alternative honest candidate has preferences that ostensibly deviate from the voter's ideal point. In this hypothetical scenario, the effect of programmatic stances becomes indeterminate. However, even here, ideologically adept but clean alternatives can take advantage of incumbents accused of corruption.

Where parties rely heavily on clientelist, personalist, or patronage linkages, the control of corrupt politicians is hampered. While clientelist and personalist exchanges can be deployed to channel benefits and address constituents' demands (Hilgers, 2008), their effectiveness is contingent to the strategies and needs of leaders and party elites. While Kitschelt (2000) has argued that both clientelist and programmatic linkages have the capacity to organize and institutionalize relations of democratic accountability and responsiveness, his argument overlooks that in non-programmatic politics, benefit-seeking politicians find a range of alternative technologies to avoid responsibility and circumvent electoral punishment for political wrongdoing. Politicians can take advantage of the parties' organizational infrastructure and territorial coverage to articulate circuits of clientelist exchanges and patronage-style party-building (della Porta and Vannucci, 2016; Mistree, 2015; O'Dwyer, 2004; Golden and Chang, 2001; Kitschelt, 2000). Incumbents can manipulate parties' deep insertion into voters' social networks to monitor them and to steer their preferences through circuits of "perverse accountability" based on punishment and rewards (Stokes, 2005). In these environments, unscrupulous politicians can easily induce

high trade-offs to punish corruption because of particularistic benefits that constituents obtain from vote-buying, clientelism (Nyblade and Reed, 2008; Stokes, 2005), campaign spending (Jucá et al., 2016), and patronage jobs (Kemahlioglu, 2011). Although these strategies and practices may not be fully eradicated in institutionalized party systems, they are less pervasive where parties and their candidates have invested in creating long-term programmatic and policy commitments. Indeed, there is evidence that programmatic differences among parties were associated with stronger party brands and more institutionalization in Latin America—though it may not be the case in Africa or Asia (Mainwaring, 2016; Roberts, 2015).

2.4 Observational Implications

As it is seen, the notion of democracy as an instrument for accountability relies on the idea that, as a “system in which parties lose elections” (Przeworski, 1991, 10), democracy introduces a modicum of uncertainty in electoral outcomes created by the ability of opposition parties to contest the conduct of government and to present alternatives to the incumbency (Dahl, 1971). At an operational level, the electoral process can be understood as a sanctioning device for political control, by which officeholders can be punished for the advancement of their own interests rather than those of their constituents (Ferejohn, 1986; Barro, 1973). However, for this mechanism to function as a deterrent to corruption, there must be an opposition at least formally capable of challenging the parties in government (Manin et al., 1999b), and an institutionalized party system that provides incentives and opportunities to control corrupt officeholders.

From our general argument, we derive a set of empirical implications at the macro- and meso-level of analysis. The first macro-level observable implication holds that if in competitive regimes institutionalized parties and party systems strengthen the mechanisms of accountability for corruption, then higher degrees of PSI should be associated with lower political corruption at the aggregate level (O_0). This empirical association has been tested by Schleiter and Voznaya (2016) and by Mainwaring (2018b). Both studies showed that more institutionalized party sys-

tems were associated with better scores on aggregate indexes of perceived corruption. In chapter 3, we develop a comparative cross-country analysis that builds on this study to test our first observable implication.

Table 2.1: Causal Mechanisms and Observable Implications

Mechanism	Description	Observable Implications
Control over candidates	Parties' capacity to shape politicians careers and nominations	Institutionalized parties in conjunction with electoral rules provide opportunities to control corrupt candidates (O_1)
Personalistic parties	Party's autonomy and independence <i>vis-à-vis</i> strong leaders	PSI provides adverse contexts for personalistic parties and the existence of viable opposition for government by encouraging the investment on party organizations and party platforms and brands (O_2)
Benefits from corruption	Benefits for parties and party elites stemmed from corruption	PSI provides high collective reputational costs for corruption. However, if corruption is widespread and benefits parties to a large extent, it produces collective action problems and discourages its control (O_3)
Attachment to parties	Predominant mode of relationships between parties and their constituents	Parties attached to their constituents based on personalistic, patronage, and clientelist linkages allow politicians to induce high trade-offs for the punishment of corrupt incumbents and their parties (O_4)

The next set of observable implications are placed at a meso-level of the causal mechanisms described above (Table 2.1). To test these implications, we use a within-case study of two countries in Latin America. Through descriptive inferences and a process-tracing of the institutionalization of party system in post-authoritarian Brazil and Chile, we evaluate the nature, scope, and mediating mechanisms in the relationship between PSI and accountability for corruption. Chapter 4 introduces the context of Latin American democracies and the criteria for case selection, and chapter 5 and 6 develop the cases.

Chapter 3: Political Corruption and PSI in New Democracies: An Empirical Assessment

3.1 Overview

The puzzle of why political competition in newly democratized countries has not uniformly led to improvements in the probity of government has deserved great attention among scholars in the fields of comparative politics and political economy. As we saw in the introductory section, conventional explanations for the persistence of corruption have mostly relied on institutional and electoral features and the influence of networks of clientelism and patronage. Our study contributes to this research agenda by evaluating the theoretical argument that polities in which political competition for office occurs among well-established and recognizable actors, follows relatively stable patterns, and incorporates social interests and demands in non-disturbing ways are most capable of building and maintaining mechanisms of accountability for corruption. Competitive regimes with institutionalized party systems and durable party organizations improve the intelligibility of the political game and facilitate the responsiveness for political misdeeds. Institutionalized parties that incorporate and channel social demands through programmatic commitments lengthen the time horizons of political elites and party members. Office-seeking politicians have incentives to invest in party brands and collective reputations, and party elites have incentives in holding corrupt officeholders into account, which raises the costs associated with political misdoings.

This chapter provides empirical evidence to support that policies with more institutionalized party systems perform better in the control of corruption. It presents a “plausibility probe” analysis (George and Bennett, 2005) that serves as the basis for in-depth exploration through two “nested” case studies in Brazil and Chile. Our cross-sectional analysis among 88 democracies

and semi-democracies demonstrates that democratic experience does not lead, by itself, to better outcomes in corruption. Countries also need to institutionalize dynamics of inter-party competition. Our statistical analyses suggest that party system institutionalization (PSI) is consistently associated with lower levels of perceived political corruption, controlling for relevant political, institutional, and economic correlates. Not surprisingly, countries ranked as better electoral democracies are perceived as less corrupt as well. We confirm that more developed nations (i.e., those with higher GDP per capita) are less corrupt, but we also find that the size of government is negatively associated with the scope and pervasiveness of corruption. Our index for party institutionalization (PI) shows the expected sign of association, but it turns out insignificant in several models. We argue that a plausible explanation for this finding is that in certain contexts institutionalized parties might give rise to dynamics of party-directed corruption, particularly where politicians lack credibility and bureaucracies are politically penetrated by party machines (e.g., Gingerich, 2013; Cruz and Keefer, 2015; Keefer and Vlaicu, 2008; Keefer, 2007).

Our approach stands out from previous cross-country analyses in two key ways. First, we develop conceptually and measure empirically both the concepts of party institutionalization and party system institutionalization. In this way, we have been able to examine separately the effects institutionalized parties, understood as recognizable political parties with durable organizations, from the dynamics of stability and incorporation of party systems. Second, based on theoretical grounds, our index of PSI not only encompasses the dimension of stability in the patterns of party competition (Schleiter and Voznaya, 2016; Mainwaring, 2018b), but it also includes the dimension of the incorporation of societal interests and demands through programmatic commitments. Building on the revisionist literature on PSI (Piñeiro and Rosenblatt, 2018; Luna, 2014a), we have included in our index the degree of institutional stability *and* the adaptability of the party system through the incorporation of social interests and demands. It bears emphasis that our results using this conceptualization are robust to different model specifications and alternate aggregation rules in the construction of the index of PSI.

The first section in this chapter discusses the puzzle of political corruption in competitive

regimes. It elaborates on the concept of political corruption, reviews the existent explanations for its pervasiveness and scope, and examines the nuances of measuring and operationalizing corruption. The next section develops the concepts of party and party system institutionalization and our strategy to measure them. We describe our empirical models and findings, and then discuss the validity of the results.

3.2 Measuring Political Corruption

3.2.1 Aggregate Indices

Evaluating the nature and extension of corruption is challenging, for, as we have discussed, there is no single definition nor unique operationalization and measurement. Given its illegal, hidden, and morally objectionable nature, the phenomenon of corruption imposes formidable obstacles for its identification and measurement (della Porta and Vannucci, 2016). Gingerich (2013) has described this “fundamental problem of inference” in terms of the likelihood that subjects involved in illicit activities will not reveal this fact, with the consequent problems of selection bias and measurement error in modeling the dependent variable.

In the context of this research, we embrace manifestations of corruption where agents are public authorities, either designated or elected, who have broken the norms of public office for their personal or political advancement. From an analytical point of view, we focus on illicit exchanges and malfeasance at the highest echelons of government—what in the literature has been designated as “political” or “grand” corruption (e.g., Transparency International, 2009). Moreover, in line with previous research, we theorized political or personal rent-seeking of elected officials in settings where elections are held periodically, “with a reasonable amount of political competition and uncertainty of electoral outcome” (Kunicova and Rose-Ackerman, 2005, 577). From a conceptual point of view, we do not cover clientelism as the object of inquiry—although in our case studies we examine practices that could be related to distributive politics and electoral

misbehavior.

The operationalization of a concept must contain information to gather data and to discern whether a specific phenomenon or event falls under the proposed category (Goertz, 2006). To accurately operationalize our concept, we ought to select indicators/data that are free of both systematic and random error—i.e., that are valid and reliable. To this aim, McMann et al. (2016) proposed a method to assess the degree to which a source aligns with shared concepts (or content validation), shared rules of translation (or data generation validation), and shared realities (or convergent validation).

Common operationalizations and indicators of corruption fall into several categories (Gingerich, 2013): indicators of perception of corruption based on expert surveys, aggregate indices, country or regional diagnostic surveys about opinions and experiences of corruption, “objective” measures based on specific items, judicial or legal records, and field experiments. We first evaluate the extent to which available measures align with the theoretical construct that we intend to capture and exclude irrelevant elements.

Available sources tend to exhibit limited conceptual precision, and when they distinguish the nature of corruption, its content does not always match with our theoretical construct of interest. Indicators of corruption based on citizens’ perceptions in public opinion pools rely on subjective understandings of what corruption means, and are subject to bias (Gordon, 2009; Anduiza et al., 2013; Blais et al., 2017). Similarly, measures based on objective indicators (e.g., Azfar and Gurgur, 2008; Di Tella and Schargrodsky, 2003), provide limited information about the practices at stake, and have a low coverage and limited potential for cross-case comparisons (Gingerich, 2013). Approaches based on actual experiences of corruption by citizens or public employees and field experiments do improve the precision of the data, but they mainly capture exchanges between citizens and public servants in petty corrupt deals, and can hardly provide information about grand corruption or networks of political corruption (cf. Seligson, 2002). Legal and judicial records may give better insights, but by their very logic these data are permeated by the efficacy and the probity of a country’s judiciary, which in turn is related to the pervasiveness

of corruption among other branches of government (Rose-Ackerman, 2007).

For the purpose of cross-country comparison, we rely on perception indicators of corruption based on surveys to country experts and business analysts worldwide. They have the advantage of aligning with our phenomenon of interest, exhibiting the highest geographical and temporal coverage, and serving as the base of a long tradition of empirical studies on the aggregate levels of corruption. A major weakness of these indexes has to do with what Treisman (2007) defines as “problems of reliability,” because the data might reflect opinions about corruption rather than its prevalence.¹ According to the author, corruption indexes could be “capturing not observations of the frequency of corruption but inferences made by experts and survey respondents on the basis of conventional understandings of corruption’s causes” (Treisman, 2007, 213). A problem of “self-fulfilling prophecy” (Merton, 1968) may arise if, for instance, experts who believe that democracy reduces corruption give better scores to democracies, and then analysts find a (biased) association between democracy and corruption.

To address problems of reliability in perception-based corruption indicators, we rely on different sources (Table 3.1). Transparency International (TI) Corruption Perception Index (CPI) is the most popular source in corruption studies. It was established in 1995 as a composite indicator to measure perceptions of corruption in the public sector around the world, measuring practices such as bribery, diversion of public funds, nepotism, state capture, and the misuse of public office for private gain. CPI draws upon 13 data sources, where individual points are standardized and then averaged while adjusting to reduce the sensitivity of the index to changes in the survey and countries (Transparency International, 2017). Adjustments in the index methodology in 2012 were made to allow comparisons across time, which was not possible before.

As part of the Worldwide Governance Indicators project, the World Bank includes an indicator for the Control of Corruption (WB) as one of the six dimensions of governance. The

¹Treisman (2007) also argues that these sources are prone to problems of comparability, because respondents might have different understandings of what corrupt is in different places; and problems of aggregation, because individual sources contained in the indexes often measure different phenomena. However, the author omits that it is considerably easier for country experts to agree on shared standards and common definitions than it is for citizens or public servants from different countries to do so. In addition, corruption indexes have been improving their methodological procedures and are more transparent concerning their aggregation techniques, and their scores can be compared through convergent validation analyses as well.

Table 3.1: Aggregate Indices of Corruption

Indicator	Definition	Aggregation method	Coverage
Corruption Perception Index (CPI)	Misuse of public office for private gain	Average of standardized values of 13 data sources	Since 1995, 176 countries
Control of Corruption (WB)	Extent to which public power is exercised for private gain, including both petty and grand forms of corruption	Unobserved components model of 31 data sources	Since 1996, 215 countries
Index of Political Corruption (V-DEM)	Corruption in the executive, the legislature, the judiciary and the public sector, covering petty and grand corruption, bribery and theft, and corruption aimed and influencing law making and that affecting implementation	IRT to aggregate individual codes, Bayesian factor analysis to aggregate indicators	Since 1900, 174 countries

Sources: Transparency International (2017), Kaufmann et al. (2010), and McMann et al. (2016).

indicator aggregates data obtained from 31 different sources, including survey respondents, non-governmental organizations, commercial business, and public-sector organizations that cover over 200 countries since 1996 (annually since 2002) (Kaufmann et al., 2010). Individual data points are aggregated through an unobserved components model, under the assumption that each of the individual data sources provides an imperfect signal of some deeper underlying notion of governance. Margins of error are reported for the aggregate indicators, which enables us to avoid overinterpreting small differences between countries and over time that may be statistically insignificant. Scores are presented as standard normal units, where the size of the confidence interval reflects the number of sources and different levels of precision. Previous methodological critiques concerning the aggregation methodology and possible biases toward the perceptions of business elites have been addressed in the last versions of the index as well (Apaza, 2009; Kaufmann et al., 2010).

In relation to the previous sources, the Varieties of Democracy’s Index of Political Corruption (V-DEM) possesses features that make it especially suitable for our analysis and then constitutes the baseline measure for the dependent variable. The V-DEM index is an aggregative measure of six indicators that capture different aspects of political corruption, distinguishing between corruption pertaining to the executive, the public sector, the legislature, and the judiciary.

Country-level punctuations are based on original evaluations made by country experts, and it does not discourage the use of within-units comparisons over time² (McMann et al., 2016). In relation to its content validity, the V-DEM index captures different connotations of the concept, including executive, legislative, judicial, and bureaucratic corruption. These distinctions are useful insofar as they provide a more fine-grained operationalization of the term and its component dimensions. Concerning the data generation processes, the V-DEM team used an Item Response Theory method to aggregate individual codes into single indicators, and a Bayesian factor analysis to aggregate indicators into indices. Then, they averaged in a single index the executive corruption index, the public sector corruption index, the indicator for legislative corruption, and the indicators for judicial corruption.

Table 3.2: Correlation Among Different Corruption Indices, 2015 and 2005

2015				2005			
	V-DEM	WB	TI		V-DEM	WB	TI
V-DEM	1			V-DEM	1		
WB	0.877* (170)	1		WB	0.871* (166)	1	
TI	0.868* (163)	0.987* (163)	1	TI	0.849* (152)	0.960* (151)	1

Notes: V-DEM inversed. Number of observations in parentheses. * $p < 0.001$

Convergent validity assessments have shown that coder disagreement among the V-DEM countries' experts is not critically high (McMann et al., 2016), and that comparing measures of V-DEM with WB and TI expresses important similarities.³ Indeed, in our dataset the correlation between these three indicators is consistently high and significant for different years,⁴ suggesting

²The V-DEM project recruited a team of almost 3,000 experts to collect information about the configuration of political institutions of 173 countries for the last 115 years.

³It must be noted that there exists significant overlap in the sources employed by the WB and TI indices. These sources are also highly correlated with the independent evaluations made by the network of experts from the V-DEM. See also McMann et al. (2016)

⁴Our analysis does not include another common source of corruption studies: the International Country Risk Guide (ICRG) measure of corruption. ICRG measures the likelihood that government officials demand and/or accept bribes in exchange for special licenses, policy protection, biased judicial sentences, avoidance of taxes and regulations, or simply to expedite government procedures. ICRG has been used in panel analysis of corruption

that they all share some underlying concept of the reality of the phenomenon in question (Table 3.2).

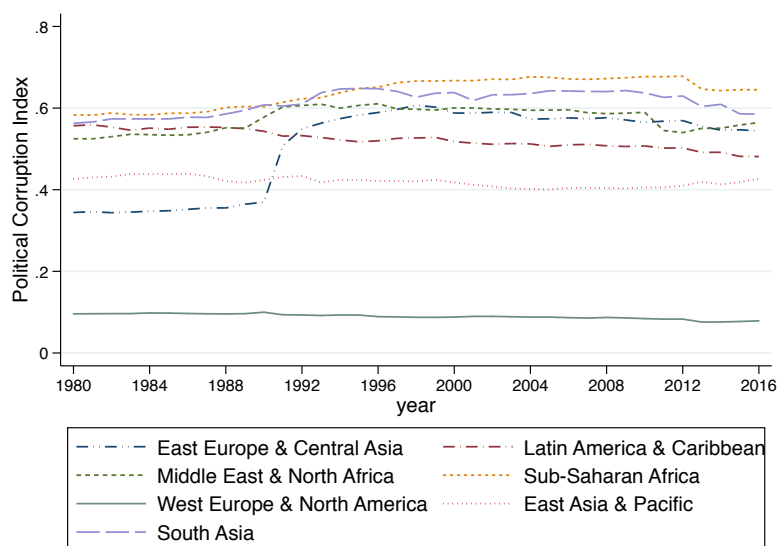
3.2.2 Corruption Around the World

A summary view of aggregate scores of corruption perceptions indicates that the pervasiveness of political corruption varies tremendously worldwide, but its distribution is not random. The performance among world regions is consistent with the conventional understanding that areas with lower levels of economic and human development exhibit higher corruption in government and in the public sector (Rose-Ackerman and Palifka, 2016; Gundlach and Paldam, 2009; Treisman, 2007, 2000; Montinola and Jackman, 2002; La Porta et al., 1999). Notwithstanding this general pattern, during the last thirty years geopolitical areas have followed divergent trends (Figure 3.1). The Sub-Saharan Africa and the South Asia have exhibited gradual increments in the perceived political corruption since the 1980s, with a decrease in the last quinquennium. Following the fall of the Soviet Union, the East Europe and Central Asia experienced a dramatic increase in the average levels of political corruption, which is confirmed by regional and case studies in the post-communist world (e.g., Grzymala-Busse, 2008; Iwasaki and Suzuki, 2007; Robinson, 2007; O'Dwyer, 2004; Hellman et al., 2000). Conversely, Latin American nations show a moderate decline in corruption since the wave of democratic transitions in the continent (cf. Weyland, 1998).

While nations perceived as rife with malfeasance tend to be developing or transitional countries with low income levels and closed economies (Svensson, 2005; Ades and Di Tella, 1999; Banerjee, 1997), even among established democracies a great diversity can be found (Figure 3.2). Indeed, if we consider only full electoral democracies—i.e., those that score 6 or more in the revised Polity IV score (Marshall et al., 2017b)—in the last twenty years, we observe a great amount of variance within geopolitical regions as well. Even among advanced democracies of

(Persson et al., 2003; Lederman et al., 2005), but its data is available only upon purchase, and its level of methodological transparency is much lower than the other three sources. The TI's corruption perception index includes ICRG as one of its sources

Figure 3.1: Evolution of Political Corruption by Regions of the World, 1980-2016

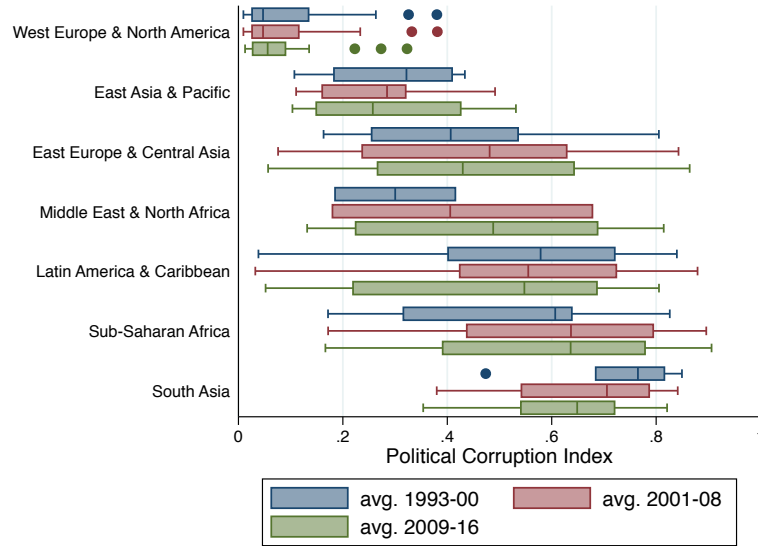


Source: Data from V-DEM, Coppedge et al. (2017a).

West Europe and North America, we might find countries that score similarly to those in East Asia or East Europe. Moreover, in spite of common institutional and historical legacies, countries in East Europe and Latin America show the highest internal dispersion in the perceived levels of political corruption.

These descriptive accounts suggest that only in a subset of democracies elections have worked as effective instruments of accountability for corruption (Schleiter and Voznaya, 2016; Golden and Chang, 2001). In the next section, we shall explore the conditions under which systems of public contestation in newly democratized countries can lead to improvements in government probity, making special emphasis on the institutionalization of parties and party systems.

Figure 3.2: Political Corruption in Democracies by Regions of the World



Source: Data from V-DEM, Coppedge et al. (2017a).

3.3 Measuring Party and Party System Institutionalization

As we elaborated in chapter 2, party and party system institutionalization are the key factors in our theoretical argument. The concept party system institutionalization (PSI) has become increasingly popular in the theoretical and empirical literature on party systems in developing and new democracies (Mainwaring, 2016; Casal Bértoa, 2016; Rosenblatt, 2001), to the point that scholars have drawn attention to the indiscriminate use of a “buzzword” without a proper definition and unique operationalization (Luna, 2014a; Casal Bértoa, 2016). Building on the revisionist approach to PSI, in the theory section we defined PSI as a dynamic process defined by the stability and the adaptability of political parties cooperating, collaborating and colligating in patterned ways. We derived that stability involves the continuity in the system’s core of parties, and the maintenance of voting patterns and the parties’ platforms; while adaptability implies the capacity of parties to channel societal demands and interests through programmatic commitments. In this section, we describe the operationalization of our main explanatory variables.

3.3.1 Party System Institutionalization

The operationalization of concepts is not a straightforward task, for multiple empirical objects have been associated with the institutionalization of parties and party systems. We claim that a party system is best understood as a multidimensional concept (Bardi and Mair, 2008), in which “institutionalization” is but one of its many parameters (Mainwaring et al., 2018a). Institutionalization is a distinctive property of party systems, independent of—though related to—other properties such as fragmentation and polarization (Payne, 2006). Indeed, while fragmentation relates to the number of parties that regularly obtain a significant share of legislative votes and seats, commonly measured by the effective number of parties (Laakso and Taagepera, 1979), and polarization denotes how drastically parties differ in political ideology and their social bases of support (Dalton, 2008), institutionalization points to the stability and adaptability of parties interacting in patterned ways. Because party systems with a limited number of relevant actors and moderate degrees of polarization offer clear and predictable alternatives to citizens, they tend to favor institutionalization. However, this must be understood as an empirical association and not a necessary relationship between concepts (Bielasiak, 2002; Payne, 2006).

The concept of PSI has been operationalized in multiple and dissimilar ways.⁵ Casal Bértoa (2017) identified three “waves” in the PSI literature, each one with specific strategies to decompose and measure the concept. The first corresponded to descriptive and developmental works influenced by Mainwaring and Scully’s multi-dimensional construct. The second stream focused on new “third wave” democracies, mainly in Latin America and post-communist countries, with some variations in operationalization and measurement. Finally, a mixture of both descriptive and analytical studies in different regions came to the consensus that the main—but not necessary unique—dimension of PSI was the stability in inter-party competition, and that Pedersen’s index of electoral volatility (or some variation of it) constituted the indicator of preference (e.g., Mainwaring, 2018a).

Following Goertz’s (2006) work on models to relate indicators and components to abstract

⁵For a review of existent operationalizations, see Rosenblatt (2001), Bizzarro et al. (2017), and Casal Bértoa (2017).

concepts, two dominant approaches can be identified in the revisionist literature (Luna, 2014a). The “reflective” approach conceives PSI as a “latent” construct (Mainwaring et al., 2018a), given by a unidimensional concept that gives rise to or “causes” its observable indicators. Stable patterns of electoral competition would represent proximate effects of institutionalized systems. From this, the Pedersen’s index of electoral volatility is considered the “effect” or the reflective indicator of PSI. However, recent studies have underscored that the standard indicator of volatility conflates two phenomena that have different implications and might be explained by different factors (Powell and Tucker, 2014), namely: a demand-driven or “within-system” volatility, which refers to changes in voters’ preferences among established parties; and a supply-driven or “extra-system” volatility, that captures changes due to the appearance of new parties and the decay of old ones (Powell and Tucker, 2014; Weghorst and Bernhard, 2014; Chiaramonte and Emanuele, 2017; Mainwaring et al., 2017). Some authors claim that “within-system” volatility may not automatically translate into systemic “inchoateness” (Casal Bértoa, 2016), for two or more established parties can trade a substantial number of seats or votes from one election to the next without necessarily de-institutionalizing the system (Lindberg, 2007). Instability due to vote changes among traditional parties could indicate a healthy competitive environment (Chiaramonte and Emanuele, 2017). Conversely, high “extra-system” volatility caused by the entry and exit of parties is regarded as a sign of partisan de-alignment, replacement, and systemic fluidity (Weghorst and Bernhard, 2014; Powell and Tucker, 2014; Bielasiak, 2005).

The second approach, the “constitutive” view, seeks to match indicators that constitute rather than reflect the concept. Institutionalization assumes the existence of a relatively stable “core” of parties interacting in patterned ways (Gunther and Diamond, 2001; Sanchez, 2009). In this direction, Piñeiro and Rosenblatt (2018) operationalized PSI to reflect the “interaction” between stability and adaptability. The dimension of stability is constituted by stable parties, measured as the average age of relevant parties;⁶ and the dimension of incorporation encompasses barriers

⁶Schleiter and Voznaya (2016) used the average age of (relevant) parties as a proxy for PSI as well. However, the authors treated the indicator differently. While for Schleiter and Voznaya the age of parties is a proxy for stable party systems in the same way electoral volatility is, Piñeiro and Rosenblatt discarded the indicator of volatility for “although a decent and *inexpensive* measure of institutionalization, [it] has serious difficulties capturing alienation or exclusion”. The disagreement in the ways of relating indicators to abstract concepts reflects the ambiguity

to the formation of new parties, exclusionary patterns of political influence, and perceived levels of corruption.

From our discussion in section 1.3.1, we conceived PSI as a dynamic process defined by the stability and adaptability of parties competing for office. Following Mainwaring et al. (2018a), we conceived stability as the main—though not unique—property of institutionalized party systems. For being institutionalized, a party system must have a “core” set of actors interacting in patterned ways. We also considered a second dimension based on Piñeiro and Rosenblatt’s notion of incorporation. In terms of its operationalization, however, the authors’ conceptualization is excessively broad. In fact, it conflates PSI with elements that are the product of electoral systems (barriers to entry), the political system (political influence), and the sociopolitical sphere (corruption). The problem with this all-encompassing operationalization is evident when the authors select their indicators, as they included *de facto* and *de jure* barriers to entry, the distribution of power in society, the levels of perceived corruption, and voting turnout as proxies of the dimension of incorporation. However, these concepts—barriers to entry, inequality of power, corruption, voting turnout—not only are independent phenomena, but they are also related to parties and party systems in complex ways. Moreover, Piñeiro and Rosenblatt’s operationalization precludes researchers from investigating the empirical relationships between PSI and these concepts.

Because we conceived adaptability as the systemic continuity of parties that incorporate societal interests and demands, it is essential that the main parties could maintain some degree of programmatic commitments with their constituents. In fact, the existence of policy or programmatic commitments allow citizens to respond to parties’ positions on policies, programs, or general visions that may or may not reflect the constituents’ concerns and interests. On contrary, when linkages are mostly based on personalistic and clientelistic exchanges, parties relied mostly on “personality” and/or particularistic “goods,” which precludes party systems from channeling emerging societal interests in non-disruptive ways.

surrounded the notion of PSI (also Luna, 2014a).

3.3.2 Party Institutionalization

In the internal dimension of “party institutionalization,” Bernhard et al. (2015) proposed the notion of “party strength” to capture the unity, centralization, organizational complexity, and mass constituency of parties. The authors surmised that strong parties align the interests of leaders with that of parties, impose constraints to partisan elites, institutionalize power, and elongate time-horizons. Strong parties also serve as mechanisms to coordinate interests within society. Morgenstern and Vázquez-D’Elía (2007) highlighted the notion of “party discipline” to characterize the negotiation process in the legislature and the stability in the relations between the party in the executive and the party in congress. A “disciplined” or unified party would be one in which “members of Congress vote together in highly contested roll calls” (Mainwaring and Liñán, 1997, 454). Another related concept corresponds to “party switching.” Undisciplined parties and frequent party-switching are frequently used as indicators of weak parties and low party institutionalization (Zielinski et al., 2005; Desposato, 2006; Schleiter and Voznaya, 2016).

In our conceptualization, we defined party institutionalization as the degree of regularity in the internal organization of parties and the presence of identifiable party platforms. To operationalize the concept, we adopted a modified version of the “index of party institutionalization” developed by Bizzarro et al. (2017). The authors defined party institutionalization according to three criteria: (i) the continuity of party organizations, (ii) the presence of parties’ long-term goals over individual elites’ short-term goals (i.e., “value-infusion”), and (iii) stable and long-term voter-party connections. Their index included a set of attributes related to the presence of permanent party organizations, local party branches, and commitments to distinct party platforms. In addition to these categories, the authors included two indicators related to the cohesion of party legislators and the nature of voter-party linkages. We have not included these last two components (i.e., party cohesion and party switching), for we consider them proximate effects rather than constitutive parts of institutionalized parties. In other words, we may expect an empirical association between institutionalized parties and (more) cohesion in the parties’ voting behavior at the legislature and (less) party switching, but we do not consider these manifestations

being inherent elements of institutionalization.

3.4 Estimation Strategy

3.4.1 Model Specification and Hypotheses

We evaluate the argument that countries where political competition occurs among well-established and recognizable actors and follows relatively stable patterns incorporating social concerns are most capable of building and maintaining mechanisms of accountability for corruption. The expectation is that when competition occurs among institutionalized parties and party systems, it should lead to lower levels of political corruption in government.

To evaluate our theory, we have assembled country-level data on the pervasiveness of political corruption in democratic nations, old and new. Because a scope condition of our argument is the existence of free competition and a certain degree of uncertainty in electoral outcomes, the analysis does not cover authoritarian regimes (also Yadav, 2011; Schleiter and Voznaya, 2014, 2016). The reason is that when competition for office is circumstantial, prone to electoral fraud, or occurs under constrained conditions, the functioning of inter-party competition and other mechanisms of accountability for corruption are severely emasculated. Therefore, we restrict our sample to country-years for which the revised Polity IV score is greater than or equal to +5 (or +6),⁷ which yields 88 countries defined as democracies from 2001 to 2010 (list on Appendix, Table A.1).

The statistical models aim at estimating how the variation of institutionalization in parties and party systems influences the perceived levels of political corruption in competitive regimes. It assesses the conditional influence of indicators of party and party system institutionalization controlling for the quality and the durability of democracy as well as a set of institutional, political,

⁷The revised polity score is a composite index that fluctuates from -10 (strongly autocratic) to +10 (strongly democratic), where countries are coded according to the degree of competitiveness of political participation, the openness and competitiveness of executive recruitment, and constraints on the chief executive (Marshall et al., 2017b).

and socioeconomic confounding variables. Our main hypotheses states that, *among democratic countries, higher degrees of party institutionalization (H_{0a}) and party system institutionalization (H_{0b}) are associated with lower levels of aggregate perceived political corruption.* The main variables of interest are: (i) a composite index of party institutionalization (PI); and (ii) an index of PSI based on the dimensions of stability and incorporation. The outcome variable corresponds to the V-DEM index of political corruption (measured at 2010), and robustness checks include the WB's control of corruption indicator and the TI's corruption perception index as well.

Cross-country analyses are conducted through weighted least squares (WLS) estimator, where the analytical weights are the (inverse) of the standard deviation of the political corruption index estimated by the V-DEM team.⁸ In this way, we give more importance to those cases with more reliable data on the outcome variable (e.g., Persson et al., 2003; Gerring and Thacker, 2004, 2005; Kunicova and Rose-Ackerman, 2005).

A possible threat with valid causal inference in our model is associated to the problem of reverse causality. The institutional and political analysis of corruption is especially prone to feedback loops in which the outcomes of interest interact with the explanatory variables in a non-random way. The problem of reverse causation when assessing the influence of parties and party systems on corruption derives not only from the fact that political parties are organizations with political actors that strategically reward or react against corruption, but also because the extension of corruption in a polity may have an impact on the institutionalization of its party system.

Several strategies have been developed to address problems of endogeneity in the empirical analysis of corruption, most of them using temporally displaced data and instrumental variables.⁹

⁸The V-DEM team created corruption indicators using IRT methods to aggregate individual codings into single indicators, and a Bayesian factor analysis to aggregate indicators into indices, applying the method of composition to propagate estimations of uncertainty into the resulting indices. For each country-year observation, the V-DEM team calculated the distribution of the latent factor score and estimates of uncertainty (standard deviations) (McMann et al., 2016). Because by construction the outcome variable exhibits conditional heteroskedasticity, the WLS incorporates analytical weights to each country-observation according to the degree of uncertainty in its corruption score, which are used to compute standard errors for the estimated coefficients. For robustness checks, we use OLS and variance-weighted least squares as well.

⁹For instance, to estimate the impact of economic development, Treisman (2007) instrumented GDP per capita with income as of 1700, and Gerring and Thacker (2004) used a lagged, twenty-five-year averaged GDP. Tavits (2007) used institutional variables with information that was temporally prior to the data for corruption.

Given the absence of reliable instruments for the concept of PSI, and because we presume that both party and party system institutionalization take time to manifest in accountability mechanisms for political wrongdoing, we average and lagged all the variables at the right side of the equation from 2000 to 2009, while measuring corruption at 2010. Because there is no standard equation for the determinants of corruption, we must interpret results cautiously and as tentative tests of our general theoretical argument. The aim here is not to provide a definitive proof of causal inference but a “plausibility test” of the posited relationship between PSI and accountability for corruption (George and Bennett, 2005).

3.4.2 Dependent Variable

As the outcome variable, we use the V-DEM index of political corruption measured at 2010. As discussed above, we consider the V-DEM data to be a superior alternative because it is better aligned with our theoretical concept of interest. The V-DEM index is the result of first-hand coding by country specialists around the world (Table 3.3). Different from measures limited to the perceptions of bureaucratic corruption, the V-DEM indicator specifically refers to “political” corruption and allows us to unpack different types of practices in meaningful ways (McMann et al., 2016; Fish et al., 2015; Hummel et al., 2018). We employ the overall index rather than its indicator components as the benchmark measure of corruption, because it provides us with more variation across countries.¹⁰ In addition, we take advantage of the index aggregation method, which allows us to consider the (estimated) degrees of uncertainty for scores in specific country-observations.

Schleiter and Voznaya (2016) lagged and averaged seven years all their explanatory and control variables, and instrumented for party institutionalization using the historical age of parties. Yadav (2012) used a generalized method of moments to derive a set of instruments for their potentially endogenous explanatory variables.

¹⁰We evaluate our model using the individual components of the index of political corruption as the outcome variable, and obtain consistent results (see Table 3.9).

Table 3.3: V-DEM Political Corruption Index

Dimension	Definition	Indicator
Executive corruption	How routinely members of the executive grant favors in exchange for bribes, kickbacks, or other material inducements	Executive bribery and corrupt exchanges
	How often members of the executive steal, embezzle, or misappropriate public funds or other state resources for personal or family use	Executive embezzlement and theft.
Legislature corrupt activities	Whether members of the legislature abuse their position for financial gain, including accepting bribes, helping to obtain government contracts for firms, doing favors for firms, stealing money from the state or from campaign donations.	Legislature corrupt activities.
Public sector corruption	To what extent public sector employees grant favors in exchange for bribes, kickbacks, or other material inducements	Public sector corrupt exchanges
	How often public sector employees steal, embezzle, or misappropriate public funds or other state resources for personal or family use	Public sector theft
Judicial corruption decisions	How often individuals make undocumented extra payments or bribes in order to speed up or delay the process or to obtain a favorable judicial decision.	Judicial corruption decisions.

Source: Adapted from Coppedge et al. (2017b) and McMann et al. (2016).

3.4.3 Independent Variables

Our operationalization of PSI includes the dimensions of stability and incorporation of political parties competing for office (Table 3.4). We measure stability as the average age of “relevant” parties in the system.¹¹ Following Schleiter and Voznaya (2016), we consider the age of parties to be a systemic rather than a party property, because, for being considered “relevant,” a party must remain electorally important vis-à-vis other challengers in the system. To compute the party age indicator, we follow the strategy suggested by Piñeiro and Rosenblatt (2018). Because we do not expect a significant variation among party systems when the relevant parties are more than 50 years old, we assign them the value of 1. When the average age of the two largest government parties and the largest opposition party is less than 50, we divide the value by 50,

¹¹For the construction of our PSI index we do not use the electoral volatility indicator because of restrictions of available data drastically reduce our sample to 62 countries (19 of which are continuous democracies since 1950). However, we incorporate the Pedersen’s index of electoral volatility to examine different indicators of stability, obtaining consistent results. We also evaluate the indicators of within- and extra-system volatility as robustness check.

and use the resulting quotient as the assigned value, which is bounded between 1 and 0.¹²

Table 3.4: Indicators of Party System Institutionalization

Dimension	Indicator	Description	Source
Stability	Age of relevant parties	The average age of the two largest government parties and the largest opposition party	Cruz et al. (2016)
	Pedersen's index	Net change within a party system resulting from individual vote transfers from one party to another from one election to the next	Mainwaring et al. (2017)
	- Within-system	Volatility due to changes in voters' preferences among established parties	
	- Extra-system	Volatility due to the appearance of new parties and/or the decay of established ones	
Incorporation	Policy/programmatic linkages	The degree to which major parties use policy or programmatic commitments to appeal to their constituency.	Coppedge et al. (2017a)

For the dimension of incorporation, we include an indicator for programmatic linkages of the main parties in the system. The indicator expresses the degree to which the major parties use policy or programmatic commitments to appeal to their constituency, varying from mostly clientelistic to mostly policy or programmatic. Our PSI index averages the indicators of stability and incorporation.

To measure party institutionalization, we rely on indicators from the V-DEM project. Following Bizzarro et al. (2017), our index is built by adding indicators for party organizations, party branches, and distinct party platforms after standardization. We converted the index's values to its cumulative density function, bounding the scores from zero to one. Indicators are based on questions about the scope of party organizations, local branches, and distinct platforms among the main parties in the system. The values in the index are interpreted as the degree of extension of the properties of institutionalized parties among the parties in the country's party system (Table 3.5). It must be noted that this index intends to capture the characteristics of political parties themselves, and thus it does not provide information about the nature of their

¹²With a similar reasoning, Schleiter and Voznaya (2016) used the natural logarithm of the party age indicator. We use this procedure and obtain similar results.

systemic interactions.

Table 3.5: Indicators of Party Institutionalization

Dimension	Indicator	Description	Source
Organization	Party organizations	How many political parties for national-level office have permanent organizations	Coppedge et al. (2017a)
Branches	Party branches	How many parties have permanent local party branches	
Platforms	Distinct platforms	How many of the parties in the system have publicly disseminated and distinct platforms	

3.4.4 Control Variables

Several studies have examined the effects of democracy on the pervasiveness of corruption. Montinola and Jackman (2002) evaluated a “nonlinear” effect of democracy on the levels of perceived corruption and found that democratic competition achieves the expected effect only when democracies become fully competitive. Other authors have conceptualized cumulative effects of democracy during time, claiming that it may take decades for democratic institutions to translate into lower perceived corruption (Treisman, 2000). Gerring and Thacker (2004) reported that the effect of democracy is stronger when the concept is operationalized as the number of years of democracy rather than the actual degrees of democracy. Treisman (2007) specified that some of the variation attributed to the duration of democracy actually refers to differences between countries that have hold democratic competition since 1950 and those that have not. Likewise, Schleiter and Voznaya (2016) found that both the quality and the age of democracy were associated with lower levels of corruption, though coefficients were not always significant.

In our dataset, we have incorporated proxies for both the quality and the durability of democracy. The quality of democracy variable is measured by the index of electoral democracy developed by Teorell et al. (2016). Based on Dahl’s (1971) theoretical framework, the “polyarchy” index measures the extent to which a polity has elected officials, free and fair elections, freedom of

expression, associational autonomy, and an inclusive citizenship. We do not include a quadratic form for our democracy variable because our sample is restricted to full democracies (cf. Montinola and Jackman, 2002; Hummel et al., 2018). The durability of democracy is approached by an indicator counting the years since the birth of democracy (“age of democracy”), logged to account for diminishing returns, and alternatively by a dummy variable that identifies nations that have experienced continuous democratic competition since 1950 (“democracy since 1950”). As in the literature cited, we expect that democracy indicators have a negative effect on political corruption.

We also include a set of economic, institutional, and sociocultural factors commonly used in corruption studies. Perhaps the most developed area of inquiry is the relationship between corruption and economic development. Economic development, mostly measured as a nation’s income, negatively affects the scope and pervasiveness of corruption (Banerjee, 1997; Aidt, 2011; Treisman, 2000, 2007; Gundlach and Paldam, 2009; Rose-Ackerman and Palifka, 2016). At the same time, corruption hinders economic growth, discourages private investment, creates transaction costs and holdup problems in markets, and distorts economic and social policies (Mauro, 1995; Kaufmann, 1997; Mauro, 1998; Wei, 2000; Jain, 2001; Campos et al., 1990; Lambsdorff, 2002b; Aidt, 2003; Rock and Bonnett, 2004; Keefer, 2007; Javorcik and Wei, 2009; Harstad and Svensson, 2011; Arin et al., 2011). Therefore, we include per capita GDP as a measure for the country’s wealth, logged to account for diminishing returns. We also incorporate a variable for trade openness, measure by the imports of goods and services as share of the GDP, with the expectation that open economies generate more competition in domestic markets and deter corruption (Gerring and Thacker, 2005; Treisman, 2007; Chang and Golden, 2007). Alternatively, we check with foreign direct investment and energy imports, which should exert a negative impact on corruption (Gerring and Thacker, 2005).

We control for the size of the public sector, measured as government consumption expenditure; although its effect on corruption is not always found significant (Montinola and Jackman, 2002; Gerring and Thacker, 2005; Yadav, 2011). We also incorporate income inequality, measured by

the Gini index, which should have a positive effect on corruption (Li et al., 2000; Jong-Sung and Khagram, 2005; Wong, 2016).

The influence of institutional features, among them, a country’s form of government, its electoral system, and the procedures ruling the legislature, has been widely studied. We control for a country’s British legal origin, which has been associated with better governance and lower corruption (La Porta et al., 1999). In some contexts, ethnic fragmentation depresses growth and reduces the quality of government (Alesina et al., 2003), so we control for it. We borrow from Gerring and Thacker (2004) a variable for the composition of the executive, distinguishing between presidential, semipresidential, and parliamentary systems; and a variable for unitarism, which measures territorial government and bicameralism. We also account for different electoral formulas. Plurality, as opposed to proportional representation, has been linked to negatively influenced corruption (Persson et al., 2003; Kunicova and Rose-Ackerman, 2005; Treisman, 2007; Tavits, 2007)—however, in Latin America lower/single houses are predominantly elected through PR (Jones, 1995).

3.5 Results

3.5.1 Party Institutionalization

According to our theory, a core of well-established political parties provides favorable conditions for accountability because it increases the intelligibility of the political system and allows party elites to control corrupt politicians. By “core,” we mean a limited set of relevant parties competing from one election to the next. By “well-established,” we mean identifiable parties with some degree of organizational development. We synthesized these attributes in an index of party institutionalization (PI) and used it as the first explanatory factor to predict levels of perceived political corruption.

The benchmark regression (Model 1) includes a set of political, economic, and institutional

variables ubiquitous in corruption studies (Table 3.6). This parsimonious model accounts for as much as 86% of variation in the V-DEM index of political corruption. Models 2 through 6 evaluate our party institutionalization variable incorporating more extensive sets of controls. Confirming our theoretical expectations, the party institutionalization index results are significant in all specifications (H_{0a}). Competitive regimes with more institutionalized political parties, that is, where the relevant parties have developed organizations, local branches, and distinct platforms, exhibit on average lower levels of political corruption. These results are consistent accounting for relevant political, economic, and institutional variables. As in previous studies, the quality of democracy, measured by the polyarchy index of electoral democracy, is associated with less political corruption.¹³ We include a variable counting the years of continuous democracy since the birth of democracy—logged, to account for diminishing effects once democracies have reached certain maturity—, and it turns out with the expected direction but not significant.

In relation to the countries' institutional features, a variable that identifies parliamentary systems does not show a consistent effect. Contrary to Kunicova and Rose-Ackerman (2005), the negative effect of plurality electoral formulas on corruption was not significant. However, the size of government, measurement by government consumption expenditure, seems to be negatively associated with political corruption (Montinola and Jackman, 2002; Gerring and Thacker, 2005). The negative effect of economic development, measured as (logged) GDP per capita (PPP), is confirmed, and it shows up as significant when it is measured lagged two decades as well (cf. Treisman, 2007).

Model 3 includes an additional set of economic controls. Contrary to our expectations, income inequality, measured by the Gini index, appears negatively related to corruption, but not significant. Foreign direct investment and net energy imports are not statistically significant. Among the sociocultural variables, as expected, both the presence of protestant populations and the degree of ethnic fractionalization are negatively associated with corruption, but their coefficients are not significant. The size of population does seem to be related to higher corruption at conventional levels of confidence. Finally, in Model 5 we only include countries that are full

¹³We measured the quality of democracy through the Polity index and obtain similar results

Table 3.6: Party Institutionalization and Political Corruption

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
PI index	-0.235* (0.106)	-0.438** (0.133)	-0.230† (0.126)	-0.247* (0.110)	-0.243* (0.111)	-0.246* (0.122)
Democracy	-0.926*** (0.162)		-1.011*** (0.190)	-0.928*** (0.160)	-0.951*** (0.167)	-0.912*** (0.186)
Parliamentary	0.018 (0.040)	0.063 (0.051)	0.006 (0.044)	0.010 (0.043)	0.013 (0.042)	0.042 (0.049)
Plurality	-0.008 (0.028)	-0.033 (0.037)	-0.013 (0.032)	-0.046 (0.032)	-0.008 (0.029)	-0.017 (0.039)
GDP per capita (ln)	-0.071* (0.030)	-0.160*** (0.039)		-0.066* (0.030)	-0.067* (0.032)	-0.060 (0.037)
Government size	-0.010** (0.004)	-0.007 (0.005)	-0.009† (0.005)	-0.009* (0.004)	-0.009* (0.004)	-0.012* (0.005)
English legal origin	-0.049 (0.035)	0.004 (0.046)			-0.058 (0.036)	-0.069 (0.050)
Age of democracy (ln)		-0.041 (0.028)				
Unitarism		-0.019 (0.013)				
GDP per capita (ln, 90s)			-0.067* (0.033)			
Gini			-0.002 (0.003)			
FDI			-0.000 (0.000)			
Energy imports			0.000 (0.000)			
Protestant pop (1980)				-0.001† (0.001)		
Ethnic fractionalization				-0.049 (0.067)		
Socialist legal origin				0.012 (0.051)		
Population (ln)				0.018 (0.011)		
Observations	88	81	80	87	84	69
Adj R-squared	0.858	0.788	0.816	0.862	0.850	0.736
Region Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Sample	All	All	All	All	Polity+6	New Dem

Note: Dependent variable is V-DEM index of political corruption; estimator is weighted least squares; errors in parentheses; †p<.10, *p<.05, **p<.01, ***p<.001 (two-tailed test).

democracies (scored 6 or more in the revised Polity index), and in Model 6 we exclude from the sample 19 countries coded as continuous democracies since 1950. In both samples, the one containing full democracies and the other containing relatively “young” democracies, results are consistent, particularly for our party institutionalization variable.

3.5.2 Party System Institutionalization

As it was described above, our index of party system institutionalization (PSI) includes both the stability in inter-party competition and the capacity of the system to incorporate societal demands through programmatic linkages. Before presenting our results, we shall evaluate alternative indicators for stability (Table 3.7). We first replicate Schleiter and Voznaya’s (2016) operationalization through an indicator for the average age of relevant parties (log), lagged and averaged from 2000 to 2009. The indicator is consistent and significant when we use the WB control of corruption indicator and the TI corruption perception index,¹⁴ but not in the V-DEM index of political corruption—although the sign of the relationship is as expected. We also incorporate the indicator of mean electoral volatility from Mainwaring et al.’s (2017) dataset. Although it reduces our sample size significantly, the indicator exhibits the expected sign, but it turns out non-significant for the V-DEM index. The same happens when we desegregate the indicator in its within- and extra-system components. These results provide suggestive evidence in the direction that more stable party systems are associated with lower levels of political corruption, controlling for institutional, economic, and political variables. But they also indicate that the relationship is somewhat contingent on the outcome variable in use.

We use our PSI index—which includes both stability and incorporation—as the main predictor in the models 1 through 6, and this time we obtain robust results in the expected direction (Table 3.8). The party system institutionalization index turns out significant and negatively related to the aggregate levels of political corruption, controlling for different sets of institutional, economic,

¹⁴The model with the CPI is estimated through Tobit, since this corruption measures is bounded between 0 and 100.

Table 3.7: Indicators of Party System Institutionalization (Stability) and Political Corruption

	V-DEM Political Corruption	WB Control Corruption	TI Corruption Perception	Obs.
Age of parties (ln)	-0.025 (0.019)	0.251** (0.077)	6.239*** (1.698)	87
Total volatility	0.001 (0.001)	-0.015* (0.006)	-0.311* (0.139)	62
- Within-system	0.005 (0.003)	-0.025* (0.012)	-0.518* (0.223)	62
- Extra-system	0.000 (0.002)	-0.020* (0.009)	-0.433* (0.191)	62

Note: V-DEM and WB estimators are weighted least squares, TI estimator is Tobit; errors in parentheses; * $p < .05$, ** $p < .01$, *** $p < .001$ (two-tailed test).

and political variables and across different samples—thus confirming our hypothesis H_{0b} .

Because the party and the party system institutionalization indexes are positively correlated (Pearson correlation, 0.668), which may alter the size and significance levels of the estimated coefficients, we include them separately first, and then together. Overall, we find the results consistent with the posited hypothesis that countries with more institutionalized party systems exhibit lower levels of aggregate political corruption, even when controlling for PI. However, the party institutionalization variable loses significance when both variables are included in the same model.

We wish to explore whether meaningful variation could be exploited when unpacking the index of political corruption. For this purpose, the benchmark model (M1) is estimated for the six indicators included in the V-DEM index of political corruption. Reported results largely show the expected pattern: across the outcome variables, more institutionalized systems exhibit lower levels of corruption in the executive, the legislature, the judiciary, and the public sector (here, positive signs indicate less corrupt activities) (Table 3.9). Two reasons can account for the absence of noticeable differences. It may be hard for country experts to evaluate the nuances of political malfeasance and corrupt deals at this level of aggregation, and therefore the measurements might only capture a general understanding about the pervasiveness of corruption in government. Alternatively, as suggested by some authors (e.g., Yadav, 2011), political corruption

Table 3.8: Party System Institutionalization and Political Corruption

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
PSI index	-0.236** (0.086)	-0.307* (0.121)	-0.258** (0.093)	-0.309** (0.098)	-0.240** (0.090)	-0.214† (0.127)
Observations	88	81	80	87	84	69
Adjusted R-squared	0.862	0.776	0.827	0.870	0.855	0.730
Region Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Sample	All	All	All	All	Polity +6	New Dem
<i>Together</i>						
PSI index	-0.189* (0.094)	-0.181 (0.128)	-0.224* (0.099)	-0.261* (0.106)	-0.188† (0.100)	-0.132 (0.138)
PI index	-0.141 (0.114)	-0.357* (0.144)	-0.125 (0.131)	-0.140 (0.115)	-0.146 (0.120)	-0.193 (0.134)
Observations	88	81	80	87	84	69
Adjusted R-squared	0.863	0.791	0.827	0.871	0.856	0.735
Region Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Sample	All	All	All	All	Polity+6	New Dem

Note: Dependent variable is V-DEM index of political corruption; estimator is weighted least squares; errors in parentheses; †p<.10, *p<.05, **p<.01, ***p<.001 (two-tailed test).

manifests ubiquitously, permeating different branches of government at the same time.

On the other hand, in our robustness checks we find that the index of party institutionalization is associated in the expected direction, but it loses significance once the outcome variable is disaggregated.¹⁵ In the discussion section we develop a tentative interpretation for these results based on the premise that, in certain contexts, institutionalized parties may lead to dynamics of corruption organized by party machines (e.g., Gingerich, 2013).

3.5.3 Robustness Checks

For robustness check, we replicate our benchmark model (M1) with different estimators: OLS with robust standard errors, weighted least squares (WLS), and variance-weighted least squares (VWLS), obtaining similar substantive results although different sizes of errors (Table 3.10). The

¹⁵Alternative models using OLS with robust errors instead of weighted least squares do produce significant results for the PI index.

Table 3.9: Disaggregated Indicators of Corruption

DV	Executive		Legislature	Judicial	Public sector	
	Bribery	Embezzlement	Activities	Decisions	Exchanges	Theft
<i>Separate models</i>						
PSI index	1.749** (0.584)	1.366* (0.553)	1.285* (0.561)	1.682** (0.515)	1.300* (0.543)	1.528** (0.552)
PI index	0.903 (0.636)	0.939 (0.577)	0.724 (0.604)	0.571 (0.555)	0.835 (0.558)	0.979† (0.585)
<i>Together</i>						
PSI index	1.651* (0.629)	1.189† (0.599)	1.199† (0.612)	1.731** (0.564)	1.151† (0.586)	1.362* (0.592)
PI index	0.286 (0.656)	0.478 (0.612)	0.236 (0.644)	-0.125 (0.574)	0.407 (0.589)	0.481 (0.609)

Note: Dependent variable are indicators of corruption in the V-DEM index; estimator is weighted least squares; errors in parentheses; †p<.10, *p<.05, **p<.01, ***p<.001 (two-tailed test).

PSI index is consistently associated with lower levels of aggregate political corruption, while party institutionalization shows the expected sign but loses significance. Concerning the correlates of corruption, the variables for the quality of democracy, economic development (GDP per capita), and government size are highly significant predictors of political corruption in all the models. Parliamentary regimes and plurality electoral systems are also associated with higher and lower levels of corruption respectively, but do not reach significance in all the models.

We also estimate our benchmark equation and main explanatory variables in the two most popular measures of political corruption: World Bank's control of corruption indicator (WB) and the TI's corruption perception index (CPI). Estimated results confirm the posited relationship between party system institutionalization and corruption (Table 3.11). However, the results for the index of party institutionalization are not consistent throughout the models.

Because questions can be raised concerning the adequate composition and aggregation of our main PSI index, we evaluate our results using different aggregation rules. In addition to the original mean score of PSI, we use the geometrical mean among the indicators of stability (party age) and incorporation (programmatic linkages). This aggregation reflects the expectation that each element of the index can also have multiplicative effects—a technique applied by Piñeiro and Rosenblatt (2018) in their measure of PSI. We also include an index composed by the

Table 3.10: Alternative Estimators

Variables	OLS		WLS		VWLS	
	(1)	(2)	(3)	(4)	(5)	(6)
PSI index	-0.221* (0.089)	-0.191† (0.097)	-0.236** (0.086)	-0.189* (0.094)	-0.219*** (0.026)	-0.159*** (0.029)
PI index		-0.080 (0.094)		-0.141 (0.114)		-0.191*** (0.038)
Democracy	-0.862*** (0.138)	-0.837*** (0.133)	-0.983*** (0.153)	-0.926*** (0.159)	-1.136*** (0.050)	-1.037*** (0.054)
Parliamentary	0.036 (0.045)	0.039 (0.044)	0.038 (0.041)	0.039 (0.041)	0.034** (0.013)	0.029* (0.013)
Plurality	-0.034 (0.030)	-0.030 (0.030)	-0.033 (0.029)	-0.027 (0.029)	-0.025** (0.008)	-0.018* (0.008)
GDP per capita (ln)	-0.066* (0.030)	-0.062* (0.031)	-0.062* (0.030)	-0.055† (0.030)	-0.053*** (0.009)	-0.046*** (0.009)
Government size	-0.012** (0.004)	-0.012** (0.004)	-0.010** (0.004)	-0.010** (0.004)	-0.007*** (0.001)	-0.007*** (0.001)
English legal origin	-0.052 (0.039)	-0.055 (0.039)	-0.030 (0.035)	-0.034 (0.035)	-0.009 (0.010)	-0.011 (0.010)
Observations	88	88	88	88	88	88
Adjusted R-squared	0.808	0.807	0.862	0.863		
Region Dummies	Yes	Yes	Yes	Yes	Yes	Yes

Note: Dependent variable is V-DEM index of political corruption; errors in parentheses; †p<.10, *p<.05, **p<.01, ***p<.001 (two-tailed test).

Table 3.11: Alternative Indexes of Corruption

DV	WB	TI
	control Corruption	Corruption Perception
<i>Separate Models</i>		
PSI index	1.365*** (0.340)	31.521*** (8.014)
PI index	0.653 (0.400)	13.492† (6.781)
<i>Together</i>		
PSI index	1.328*** (0.369)	31.520*** (8.570)
PI index	0.105 (0.402)	0.002 (7.148)

Note: For WB, estimator is weighted least squares, for TI, estimator is Tobit; ; errors in parentheses; †p<.10, *p<.05, **p<.01, ***p<.001 (two-tailed test).

simple addition of indicators. We test the alternate indices of party system institutionalization in our benchmark model using weighted least squares, and we obtain substantive similar results regardless of the aggregation rule in use (Table 3.12).

Table 3.12: Alternative Aggregation Techniques of PSI

	Mean index (original)	Multiplicative index	Additive index
	(1)	(2)	(3)
Estimate	-0.236** (0.086)	-0.196* (0.077)	-0.117** (0.044)
Observations	88	87	87
Adjusted R-squared	0.862	0.859	0.860
Region Dummies	Yes	Yes	Yes
Sample	All	All	All

Note: Dependent variable is V-DEM index of political corruption; errors in parentheses; † $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$ (two-tailed test).

3.6 Discussion

Scholars have associated the process of institutionalization to a variety of outcomes desirable for good governance and the quality of democracy. The institutionalization of parties and party systems have been related to more predictable and stable politics, longer time horizons, and more effective legislative and policy making processes (Mainwaring, 2018b; Scartascini et al., 2010a; Schedler, 1995). Schleiter and Voznaya (2016) and Mainwaring (2018b) explicitly related more stable party systems with lower levels of perceived political corruption.

In this section, we have provided evidence supporting the relationship between PSI and corruption in competitive regimes. We evaluated empirically that institutionalized parties and party systems are linked to lower levels of political corruption. Our index of PSI, that reflects both the stability of the main contenders for political power and the programmatic incorporation of societal interests, was a consistent predictor of lower perceived political corruption in a sample of 88 competitive democracies. PSI had significant coefficients accounting for the quality and age of democracy and a set of institutional, economic, and political correlates.

An unexpected finding is that the variable for party institutionalization was not always significant. A possible interpretation for this might be related to how party institutionalization was defined and measured. According to our theory, institutionalized parties must have a certain degree of organizational consolidation and identifiability by citizens. We provided a minimal definition of PI centered on the existence of permanent organizations with national and local branches, and the existence of distinct platforms among parties. However, because parties can achieve organizational stability based on different grounds, it is possible that stabilization in the party system coexists with party-directed corruption. As we discussed above, in contexts where political elites lack credibility and clientelistic linkages define the relationship with constituents (Cruz and Keefer, 2015; Keefer and Vlaicu, 2008), stronger parties may facilitate the development of patron-client networks to deliver selective material inducements to constituents (Kitschelt, 2000; Kitschelt and Altamirano, 2015). In such clientelistic exchanges, the development of accountability for corruption is limited by the lack of responsiveness of political authorities and the clientelistic and personalistic nature of party reputations (Stokes, 2009), which could eventually lead to more political corruption (Gingerich, 2013). Although our analysis does not allow us to test the accuracy of this interpretation, the cases studies in the following sections shall shed light on these phenomena.

Finally, our exercise contributes to the literature by providing a plausibility test of the argument that stable dynamics of competition for office might be necessary but insufficient to guarantee the accountability and responsiveness of party systems. How stability is achieved matters. Dynamics of party competition that are stable provide more identifiability and intelligibility in the political and electoral process, which Schwindt-Bayer and Tavits (2016) related to higher accountability for corruption. However, the concept of PSI must be sensible to the processes behind the stabilization of the system as well (Piñeiro and Rosenblatt, 2018; Luna, 2014a). Because stable party systems can exhibit exclusionary dynamics, their contributions to the building and maintenance of mechanisms of accountability for corruption are severely limited. A stable party system must provide grounds to channel and incorporate societal interests and demands, and

thus “answerable”. We demonstrated that PSI encompassing both stability *and* incorporation is associated with lower corruption. To understand the “causal pathways” our theory proposes, and to develop contextual knowledge of the mechanisms at play, the next section introduces a case study design “nested” in our quantitative model.

Chapter 4: Case Studies Design: PSI and Corruption in Latin America

4.1 Overview

This chapter describes the methodological strategy employed in our case study research design. It develops the criteria to select appropriate cases for comparison and within-case analysis. It also serves as an introduction to the context of corruption in Latin American democracies. The countries chosen, Brazil and Chile, constitute theoretically important cases to test our argument. Brazil represents a case of moderately high political corruption in an adverse party and institutional environment for the workings of accountability. Chile, on the other hand, resembles a case where a post-authoritarian party system effectively reconfigured and provided high degrees of stability and identifiability to hold politicians to account.

4.2 Research Design

4.2.1 Nested Analysis Design

The statistical analysis in chapter 3 aimed at estimating the impact of party and party system institutionalization on the aggregate levels of political corruption in competitive regimes. Following an “effects-of-causes” approach (Goertz and Mahoney, 2012), this analysis allowed us to test the robustness of the proposed hypotheses and to discriminate against competing explanations based on countries’ institutional arrangements and levels of economic development (Lieberman, 2005; Seawright, 2016; Goertz and Mahoney, 2012). However, as scholars have pointed out, country-level macro-analysis cannot rule out the possibility that the predicted outcomes are linked to the

explanatory variables by reasons different from those being postulated (Yadav, 2011; Gingerich, 2013), and even under the strong assumption of a fully specified model, causal paths connecting the *explanandum* with the posited *explanans* may be ignored.

The in-depth study of few cases requires us to narrow the scope of the problem and to focus on a more specific unit of analysis. The purpose of this exercise is to evaluate observable implications derived from the mechanisms described in the theory section. We have adopted a “nested” design that combines the previous statistical analysis with the in-depth investigation of a few cases contained within the sample (Lieberman, 2005). The strategy provides a ground for the description of “causal mechanisms” and “intensive” testing to assess which of the alternative stories best explains variation in the outcome of interest (Coppedge, 2012; George and Bennett, 2005). In fact, by examining bounded cases, we can inductively observe intervening variables and unexpected aspects in the operation of concrete factors. In addition, case studies can be used to test or discover hypotheses about “causal pathways,” that is, “arrangements of entities, relationships, and causal capacities that convey an initial causal impulse of some sort forward to an outcome for one or more cases” (Seawright, 2016, 57).

The nested component follows a “model-testing” approach to two theoretically important cases. Model-testing, small-N research seeks to develop contextual knowledge of the variables and relations estimated in the statistical model, verifying how plausible the hypotheses and proposed mechanisms are in light of meso- and micro-level evidence (Lieberman, 2005).

4.2.2 Universe

Because it is often unfeasible to apply techniques of random selection and assignment in small-N research (King et al., 1994; Collier, 1995; Collier and Mahoney, 1996; Seawright and Gerring, 2008), a careless selection of cases can induce “selection bias” if the “intentional” selection results in inferences that are not statistically representative from the population, thus biasing results and/or limiting the generality of inferences (Geddes, 1990; King et al., 1994). Particularly in

case studies, Collier and Mahoney (1996) claimed that the definition of selection bias depends on the research question at hand and how the dependent variable is conceptualized; in other words, it is related to what the model tries to explain, and what the cases are cases of.

A conscious identification of cases involves defining an appropriate “frame of comparison” (Collier and Mahoney, 1996). We define the “core” universe of the study (Valenzuela, 1977) to be the Latin American democracies and semi-democracies since the onset of the third-wave of democratization. The rationale for exploring the link between party system institutionalization and corruption in the region stems from the trajectories that party systems have followed in post-authoritarian Latin America and from the existence of important variation in both the dependent and the explanatory variables. By the turn of the century, most of the Latin American countries had experienced an enduring period of political democracy and fair elections, and nowadays the region stands out as the most uniformly democratic area behind the established Western democracies and Japan (Kitschelt et al., 2010b). However, and despite common processes of transition from authoritarian rule and market liberalization in most of the countries (Roberts, 2015), standard measures of government performance and corruption show a wide variation across countries. This regional diversity persists notwithstanding relevant commonalities. Most of Latin American democracies have multi-party systems and presidential regimes, they share some type of the proportional representation formula in their electoral systems, and civil law traditions. From a social and cultural point of view, they have a common colonial legacy and a majority of Christian population. In the language of statistical analysis, these features are the background characteristics one seeks to “hold constant” in cross-national comparisons, for all of them have been associated with particular incentives for rent-seeking and corruption.

Second, notwithstanding Latin American politics are almost uniformly democratic, parties and party systems exhibit a great range of configurations. These patterns emerged not only from differences in the constitution of party systems and the sedimentation of social cleavages (Dix, 1989; Collier and Collier, 1991; Coppedge, 1998), but also from differences in the fragmentation and ideological polarization of party systems before democratic breakdowns (Sartori, 1976), the

nature of party-voter linkages and the degree of their programmatic structuration (Kitschelt et al., 2010a), the institutionalization of parties (Dix, 1992), and the way in which parties and party systems adapted or decayed at socio-economic conjunctures (Roberts, 2015; Lupu, 2016b). Specifically, it is the broad variation in the levels of institutionalization, and the remarkable different trajectories that party systems followed since the onset of democratization (Mainwaring and Scully, 1995a; Torcal, 2015; Mainwaring, 2018c), what makes Latin America a fertile ground for evaluating the correlates of PSI.

A third reason for choosing Latin America to examine the relationship between PSI and political corruption is based on a path dependency argument. Prior to the authoritarian breakdowns, most of Latin American countries experienced periods of more or less open electoral democracy, driven by more or less organized parties. Thus, unlike third-wave democracies in Africa and Eastern Europe, Latin America's are mostly "interrupted democracies" (Lupu and Stokes, 2010). This tradition of party politics and the role of political parties in the enfranchisement of mass electorates and the structuring of electoral competition is unique outside advanced democracies and reflects common historical legacies in the region (Dix, 1992; Coppedge, 1998; Roberts, 2002). Relative to Africa and Asia, in Latin America political parties have developed stronger party "brands" and more sharp programmatic differences, which may facilitate the institutionalization of party systems (Mainwaring, 2016). In fact, Brazil and particularly Chile experienced periods of competitive politics prior to the military interventions.

4.2.3 Case Selection

In model-testing research, Lieberman (2005) suggests to select cases that are well predicted by the model, so that the analyst can focus on checking for spurious correlation and fine-tuning the main hypotheses. A "typical" case exemplifies a stable cross-case relationship, which allows researchers to explore the causal mechanisms at work (Seawright and Gerring, 2008; Rohlfing, 2008). We select cases that are theoretically important for hypothesis-testing and that fit the rel-

evant parameters of inquiry (Kaarbo and Beasley, 1999). These cases allow us to identify “scope conditions” for the theoretical and empirical relationship established in the previous chapters. Because we seek to evaluate how and under what conditions PSI helps build and maintain mechanisms of accountability, it is necessary to identify cases where some degree of institutional strength in the state and the bureaucracy has been achieved. Countries where the rule of law is violated to a great extent, and an independent judiciary and a workable bureaucracy have not been developed, can hardly maintain mechanisms of accountability notwithstanding the institutionalization of their parties and party systems. Likewise, the formation of party brands and collective reputations involves at least some degree of continuity in the identity of political parties. In politics where party organizations lack inter-temporal continuity, with an ever-changing set of parties interacting in unpredictable ways (i.e., “party non-systems”), the effects of corruption accusations over party reputations and brands may not be observable. For these reasons, our cases must exhibit some degrees of institutional and democratic consolidation.

On the other hand, while we know a great deal about the deleterious effects of volatile parties and inchoate party systems on democratic stability and government performance,¹ we have little knowledge about how and why party system institutionalization in new democracies might (or might not) help produce better governance outcomes. This statement is not trivial, for although the PSI literature often carries a normative stance in favor of institutionalization,² it does not always inquire the mechanisms through which institutionalization should facilitate desirable outcomes (an exception is Mainwaring, 2018b).

Our within-case analysis traces the process of institutionalization of party systems in the

¹Weakly institutionalized systems introduce uncertainty regarding the political actors in competition (Mainwaring and Torcal, 2006; Mainwaring and Zoco, 2007; Lupu and Riedl, 2013); and in contexts where the continuous rotation of parties, weak and fluid competitors, and defections by the electorate are the norm (Bielasiak, 2005; Weghorst and Bernhard, 2014; Roberts, 2015), political elites and personalist candidates have incentives to rely more heavily on clientelistic networks, vote-buying, and patronage practices. Under-institutionalized systems are less intelligible to citizens (Birch, 2001; Thames and Robbins, 2007), which impedes accountability by compromising the capacity of voters to attribute responsibility for corruption and by undermining electoral coordination to punish dishonest incumbents (Rose et al., 2001; Zielinski et al., 2005; Schleiter and Voznaya, 2016).

²Although in their seminal work Mainwaring and Scully (1995b, 21) recognized that an institutionalized party system *per se* “does not automatically deliver or even facilitate most outcomes that one hopes a democracy will produce”, a normative preference for institutionalization was clear their seminal work as well as in the updates. The subject has generated a debate about how and the extent to which PSI is beneficial for democratic stability and government performance (e.g., Casal Bértoa, 2017; Luna, 2014a; Thames and Robbins, 2007; Payne, 2006).

post-authoritarian Brazil and Chile. It takes advantage of the fact that both Brazil and Chile experienced similar protracted transitions to democracy, however their party systems evolved in different ways. The presentation of cases follows what Seawright and Gerring (2008) call *X/Y-centered* research design, for we seek to explore the particular causal mechanisms that describe the relationship between PSI (X) and the accountability for political corruption (Y).

Before presenting our cases, we introduce some background on the institutionalization of party systems in Latin America and the phenomenon of accountability for political corruption in the region. This section provides additional information on the theoretical relevance of the selected cases and serves to place Brazil and Chile within their regional frame of comparison.

4.3 PSI and Accountability for Corruption in Latin America

4.3.1 PSI in Latin America

Mainwaring (2016) observed that the institutionalization of democratic party systems in developing democracies in Asia, Africa, and Latin America were the exception rather than the norm. In Latin America, Collier and Collier (1991) linked the consolidation of party systems to the strategies that parties followed in the enfranchisement of new groups of the working class and the middle sectors, which led to contrasting political legacies. These regime legacies, partly reproduced over time through political parties and legal institutions, had long-lasting consequences for the stability and the quality of democracy in the region (Pérez-Liñán and Mainwaring, 2013). Roberts and Wibbels (1999), for example, reported that the most stable party systems during the economic turmoil of the 1980-90s were those with roots in the nineteenth-century, preindustrial oligarchic divisions. Party system institutionalization was favored by the presence of sharp political conflict and programmatic differences, which in turn tended to occur in moments of mass mobilization led by experienced parties (Kitschelt et al., 2010b; Mainwaring, 2016). By contrast, party system volatility and low party loyalty were attributed to the lack of strong so-

cial cleavages, discontinuities in the development of party organizations, the lack of ideological voting, political de-alignment during the economic liberalization, and the spread of mass media technologies (Dix, 1989; Coppedge, 1998; Roberts, 2002; Sanchez, 2008; Roberts, 2015).

Characterizing party systems and measuring their institutionalization in Latin America has been especially problematic. As we discussed before, PSI has been defined and operationalized in multiple ways, without a standard definition and measure (Table 4.1).

Table 4.1: Measures of Party System Institutionalization in Latin America by Country

Country	Sartori 1960-70s System	Mainwaring and Scully 1970-90s PSI	Payne 1980-00s PSI	Jones 1990-2000s PI	Kitschelt et al. Late 1990s Program PS	Mainwaring 1990-2015 PSI path		
Argentina		Inst	Moderate- low	Medium- weak	Inst	Clientelist	Interm-low	Deep erosion
Bolivia	Fluid	Inchoate	Moderate- high	Weakly	Weakly	Clientelist	Low-absent	Collapse
Brazil	Structured	Inchoate	High	Weakly	Weakly	Clientelist	Low-absent	Increasing Persisten inst
Chile	Structured	Inst	Moderate- high	High	Inst	Program	Interm	Deep erosion
Colombia		Inst	Moderate- low	Weakly	Weakly	Clientelist	Low-absent	Interm
Costa Rica Dom Rep	Structured	Inst	Low	Medium	Inst Inst	Neither Clientelist	Interm/low Low-absent	Collapse
Ecuador	Fluid	Inchoate	Moderate- high	Weakly	Weakly	Clientelist	Low-absent	Increasing Persistently low
El Salvador			High	Weakly	Inst	Mixed	Interm-low	Increasing
Guatemala			High	High	Weakly	Clientelist	Interm-low	Increasing
Honduras			Moderate- high	Medium	Inst	Mixed	Interm-low	Increasing
Mexico	Structured	Hegemonic	Low	Medium	Inst	Clientelist	Interm-low	Increasing
Nicaragua Panama			Low	Medium	Inst	Clientelist	Interm-low	Increasing
Paraguay	Structured	Hegemonic	Low	Medium	Inst	Clientelist	Interm-low	Increasing
Peru	Fluid	Inchoate	High	Weakly	Weakly	Clientelist	Interm-low	Increasing
Uruguay	Structured	Inst	Moderate- high	High	Inst	Program	Interm	Increasing
Venezuela	Structured	Inst	Moderate- high	Medium	Weakly	Clientelist	Interm-low	Increasing

Notwithstanding discrepancies between authors, some general observations can be made. Among the most institutionalized party systems in the region, three cases have remained stable since the onset of democratization: Uruguay, Chile, and to some extent Costa Rica (Mainwaring, 2018a). Chile exhibits a stable party system, with established actors in the competition for office and low levels of electoral volatility—although the main parties have recently weakened their roots in society (Valenzuela et al., 2018; Luna and Altman, 2011). Along with Uruguay, Chile is the only country in the region that has a post-authoritarian party system with intermediate levels of programmatic structuration (Kitschelt et al., 2010a). Among the countries with the highest degrees of institutionalization, Chile is also the largest economy and the biggest nation in terms of population.³

We also selected Brazil, a country whose political parties at the onset of democratization were characterized by “their fragility, their ephemeral character, their weak roots in society, and the autonomy politicians of the catch-all parties enjoy with respect to their parties” (Mainwaring, 1995, 354). The post-authoritarian party system in Brazil was classified as “inchoate”. During the 1990s and early 2000s, Brazil experienced some development in the direction of party system stabilization (Mainwaring, 2018a; Zucco, 2015). However, its party system ranked among the lowest in the region in terms of programmatic structuration.

Chile, having a stable party system with intermediate programmatic incorporation, and Brazil, having an unstable party system with low programmatic incorporation, contrast with politics that have achieved some degree of stabilization in voting patterns coupled with low levels of programmatic competition, such as Venezuela during the Punto Fijo pact or Mexico during the PRI’s one-party hegemonic system, as well as with experiences of programmatic competition that have eroded over time—such as the post-authoritarian Argentina.

³Chile is the seventh country in the region by population, and has more than three times the population of Costa Rica and more than five times that of Uruguay.

4.3.2 The Cases: Brazil and Chile

Brazil and Chile are not unfamiliar cases in the PSI literature, for both have been the object of extensive research by leading scholars in the field. In addition with being theoretically important, these countries allow us to match relevant confounder variables in the study of political corruption (Hancké, 2009; Przeworski and Teune, 1970). Relevant attributes shared by Brazil and Chile include the fact that both are presidential democracies with strong bicameral legislatures, and both experienced democratic breakdowns (in 1964 and 1973, respectively) and protracted democratic transitions in the context of fragmented politics with high numbers of effective political parties. In terms of socioeconomic characteristics, despite the fact that Brazil has by far the biggest population in the region, both Brazil and Chile exhibited roughly equal national income per capita during the first decade of democratic politics, although with a more market-driven economy in the case of Chile.⁴

Political institutions in Brazil and Chile present several commonalities notwithstanding differences in the countries' size and population. Both are presidential systems with directly elected presidents, executives with broad attributions, and strong bicameral legislatures (Shugart and Mainwaring, 1997). Shugart and Carey (1992) qualified the Brazilian and the Chilean presidents—along with the Argentinian one—as among the strongest executives in presidential systems in the world. In Brazil under the 1988 constitution, presidents have had exceptionally strong proactive and some reactive powers (Mainwaring, 1997); while in Chile after the 1980 constitution presidents are considered “potentially dominant,” particularly in fiscal matters. Politics in Chile and Brazil have operated in the context of fragmented multiparty systems as well. From 1990 to 2015 Brazil had the most fragmented party system in the region, with an average of 10.2 effective parties, and Chile the second largest with 7.2 parties, both significantly above the regional average for the period (4.8 ENP). These features have made politics since 1990 a game of coalitions of ideologically and politically diverse party organizations, with differences in the nature and institutionalization of the main political actors.

⁴The average GDP per capita (PPP) for Brazil and Chile between 1990 and 1999 was \$7,748 and \$6,983 respectively.

In terms of the electoral rules, both countries have had proportional representation systems with open-lists for the election of the members of the lower houses. These rules are associated with incentives for cultivating “personal” voting (Carey and Shugart, 1995), a fact that has shaped the organization of Brazilian politics (Samuels, 1999). Until 2018,⁵ Chile used the opened-list PR system imposed by the military regime in 1989, where votes were distributed through the D’Hondt method in districts with magnitude 2 (i.e., the *binominal* system), defining a pattern of competition between stable major alliances but failing to reduce the number of parties (Siavelis, 1997a). In our case studies we put special emphasis on these features, as electoral formulas and ballot structures are relevant factors in the institutional analysis of corruption (e.g., Persson et al., 2003; Kunicova and Rose-Ackerman, 2005; Chang and Golden, 2007; Charron, 2011; Gingerich, 2013).

There are two important attributes in which Brazil and Chile differ. The first corresponds to what Gerring and Thacker (2004) call “unitarism,” or the degree to which the national government is sovereign relative to its territorial units. Brazil is a federal system with a great deal of autonomy in their states, while Chile is a centralized and strongly unitarian country. Federalism, particularly when coupled with presidentialism, has been linked to more fragmented systems with diffused decision-making capacities and overlapping mandates, which would weaken the workings of accountability for corruption. Federalism has played a role in shaping the incentives for politicians careers in Brazil (Samuels, 2003), and has contributed to the development of localist and pork-barrel politics (Ames, 2002; Mainwaring, 1999). However, our analysis demonstrates that federalism cannot explain important variation in the control and accountability for corruption in Brazil. Moreover, a federal system did not preclude the consolidation of a centralized and hierarchically organized party in the case of the Workers’ Party. At the same time, in Chile, centralist constitutional arrangements have been critical in preserving a nationalized party system, but it did not preclude some development of localized politics at the municipal level (Suárez-Cao and Benjamín, 2017).

The second attribute corresponds to district magnitude. Here, high at-large multimember

⁵Last parliamentary elections ruled by the binominal system in Chile were in 2013

districts in Brazil contrasts with the $DM=2$ rule that defined Chile's binomial system. High district magnitude favored the fragmentation of Brazilian politics and the personalization of voting and campaigns. However, as in the case above, this does not explain variations in the accountability of Brazilian incumbents, nor the control that the Workers' Party developed over party nominations. Chile's electoral rule put high barriers to entry to the political market, which, in conjunction with institutionalized parties, helped consolidate two stable multi-party coalitions during most of the democratic period.

4.3.3 Political Corruption in Latin America

The study of Latin American politics has transited from a research agenda centered on authoritarianism and the processes of transition to democracy to the analysis of the consolidation, functioning, and quality of the democratic regimes and institutions (Mainwaring and Shugart, 1997; Mainwaring and Welna, 2003; Payne et al., 2006; Munck, 2007; Scartascini et al., 2010b; Kitschelt et al., 2010b). The study of corruption, its determinants and manifestations, has not been absent from this agenda.

In Latin America, corruption is ubiquitous and takes multiple forms (Tulchin and Espach, 2000; Blake and Morris, 2009; Morris and Blake, 2010): widely publicized corruption scandals involving presidents and other high-level authorities (Pérez-Liñán, 2007; Balán, 2011); elaborate schemes of graft and embezzlement for the appropriation of public funds (Flynn, 1993; Geddes and Neto, 1992); illegal party and campaign financing siphoned through politically appointee bureaucrats at the central and local government (Gingerich, 2013; Kemahlioglu, 2011; Rehren, 1996); bribes from firms to influence the policymaking and acquire government contracts and concessions (Arruda de Almeida and Zagari, 2015; Yadav, 2011); electoral fraud, clientelism and vote buying (Stokes, 2005); and payments by drug traffickers to local authorities, prosecutors, and the police in exchange for protection (Trejo and Ley, 2017). Corruption has had important consequences for the legitimacy and the stability of the democratic regimes in the region, where

experiences of everyday bribes and kickbacks as well as perceptions of systemic corruption have eroded the trust in the political system and public authorities (Seligson, 2002; Canache and Allison, 2005).

4.3.3.1 Alternative Explanations

Explanations for the pervasiveness of corruption in the region have taken different grounds. Some authors have attributed corruption to historical roots derived from the legacies of colonialism. Corruption would be the by-product of a “dualistic” framework, in which legal formalism was practiced in conjunction with broad discretionality (Morris and Blake, 2010). This behavior solidified through cultural attitudes, a sense of lack of respect for the law (“obedezco pero no cumpla”), and the primacy of family and personal relationships over generalized forms of trust. Although studies helped uncover the long-term cultural norms relative to practices associated with corruption, such as patron-clients relationships and favoritism, they were not able to explain why some of these practices remained while others changed or evolved. Likewise, recognizing the role of norms of tolerance and generalized trust in the control of corruption (Rothstein and Uslaner, 2005; Stevens, 2016), cultural and historical interpretations could hardly account for the diversity in the scope and extension of corruption in countries that shared historical legacies and cultural roots.

Other approaches focused on the processes of democratization and economic liberalization. While in theory democracy would bring about political competition and a re-election imperative that increases the risks of losing office because of accusations of misdeeds (Montinola and Jackman, 2002; Manin et al., 1999a; Przeworski, 1991), in Latin America open political contestation also foreshortened the time horizons of political actors fearing losing power or an authoritarian regression (Whitehead, 2000). Political machines seeking to control the transition relied on all sorts of strategies, many of them involving illegal political rent-seeking and extortion (Moran, 2001). As in other third-wave democratizers (e.g., O’Dwyer, 2004; Iwasaki and Suzuki, 2007; Robinson,

2007; Grzymala-Busse, 2008), economic-cum-political liberalization in the region created new means of acquiring and exercising power and wealth (Manzetti and Blake, 1996; Whitehead, 2000). Amplified by a hyper-presidentialism and executive impunity, reforms enabled presidents to centralize decision-making powers that led to the manipulation of the privatization and the sale of insider information in a number of countries. The cases of Argentina under President Carlos Menem, Brazil under President Fernando Collor de Mello, and Venezuela under Carlos Andres Perez' second administration exemplified the expansion of discretionary power and *quid pro quo* agreements toward new modalities of corruption (Geddes and Neto, 1992; Manzetti and Blake, 1996).

Finally, institutionalist approaches emphasized the existence of ill-advice institutional designs among Latin American democratizers. Presidentialism has been a constant theme in Latin American politics, as it is claimed that strong presidents and a legislature unable to hold the executive accountable are responsible of problems of instability and executive-legislative stalemate—particularly where presidentialism is coupled with malleable catch-all parties and minority governments (Linz, 1990; Shugart and Mainwaring, 1997). Presidentialism is seen as more susceptible to the election of personalistic outsiders (Levitsky and Loxton, 2013), who very often get engaged in extensive schemes of graft, embezzlement, and clientelism to retain support.⁶ While in parliamentary regimes extreme executive-legislative conflict can be resolved through ordinary procedures (e.g., a vote of no confidence or the dissolution of the parliament), these mechanisms are prevented in most presidential regimes, leading to crisis that compromise democratic stability (Pérez-Liñán, 2007).

The electoral formula has also been examined in corruption studies, regarding proportional representation (PR) as more prone to corruption than plurality, because the former, especially when coupled with presidentialism, tended to enhance the influence of party leadership and concentrate rent-seeking power (Kunicova and Rose-Ackerman, 2005). Because in Latin America lower/single houses are predominantly elected through PR (Jones, 1995), the attention has been

⁶An important theme in the literature is the emergence of anti-establishment and (neo)populist leaders, and their consequences to the quality of democracy and accountability (see Ellner, 2003; Weyland, 2003; Tanaka, 2006; Dietz and Myers, 2007).

focused on the district magnitude and party list formula. Specifically, cosed-list PR weakens the link between re-election and performance in office, since the number of seats obtained by a party depends on the votes collected by the whole list rather than by individual candidates (Persson et al., 2003). Moreover, Gingerich (2013, 7) claimed that when bureaucracies are politically penetrated and electoral outcomes are contingent to the allocation of state resources, “party-centric” rules—such as closed-list PR—can give rise to “robust and well-disciplined political corruption networks within the bureaucracy”. Yet another stream of literature has emphasized the role of accountability and respect for the rule of law among Latin American democracies. It underscores that in spite of free and fair elections in the region, an effective rule of law that provided legal predictability and equality was not guaranteed everywhere (O’Donnell, 1993, 2004). Scholars underscored that even long-established electoral democracies such as Venezuela and Colombia had not developed a network of relatively autonomous powers that could check improper ways of managing public office (O’Donnell, 1998).

Our approach to the lack of accountability for corruption in Latin America emphasizes how the institutionalization of party systems could strengthen the mechanisms of accountability. “Political” accountability denotes “relationships that formally give some actor the authority of oversight and/or sanction relative to public officials” (Mainwaring, 2003, 7), and it involves both electoral forms of accountability by citizens and intrastate or “horizontal” accountability by state agencies. Among the horizontal mechanisms of accountability, party and legislative oversight has been regarded as a relevant components in checking political wrongdoing within government, both in Chile (Siavelis, 2000) and Brazil (Figueiredo, 2003; Power and Taylor, 2011). In addition to horizontal and vertical forms of accountability, Smulovitz and Peruzzotti (2000) have referred to alternative forms of political control that rely on citizen action and civil-society organizations. This “societal” accountability reflects the ways in which citizens exercise control of government, and in many Latin American democracies it has involved both institutional (e.g., legal actions) and non-institutional (e.g., mobilizations, media exposés) tools. However, as noted, the role of parties and party systems as primary devices for controlling corrupt officeholders has been

largely overlooked. In our cases, we shall emphasize how PSI influences the workings of concrete mechanisms of accountability, and by so doing we add an important element in the scholarly and normative debate of political corruption among Latin American democracies.

4.3.3.2 Empirical Trends

By the turn of the century, most Latin American countries had experienced an enduring period of political democracy and fair elections. However, and despite common processes of transition from authoritarian rule and market liberalization in most of the Latin American nations, standard measures of corruption showed a wide variation (Table 4.2). Nicaragua, Paraguay, and Guatemala established competitive regimes that nonetheless developed limited accountability, weak judiciaries, frequent abuses of power, and weak protection of political rights. Recently, Venezuela, Bolivia, Ecuador, Honduras, and Nicaragua experienced the erosion of their democracies, resembling models of “competitive authoritarianism” (Levitsky and Way, 2010; Mainwaring and Pérez-Liñán, 2015). By contrast, Chile, Uruguay and Costa Rica have achieved some degree of stability in their democracies with more or less “solid mechanisms of intrastate accountability, effective rule of law, and solid respect for civil and political rights” (Pérez-Liñán and Mainwaring, 2013, 379).

Where are our cases located in this context? Since the onset of democratization and the inauguration of competitive elections (1989 for Chile, 1985 for Brazil), Chile and Brazil have consolidated competitive democratic regimes in the context of multi-party politics. In terms of the pervasiveness of political corruption in the region, Brazil is placed among the medium-high level and significantly higher than Chile. We describe the nuances of political corruption for these countries in the following chapters.

Table 4.2: Political Corruption Indexes in Latin America by Country, 1995–2015

Country	V-DEM Political Corruption			WB Control Corruption			TI Corruption Perception		
	1995–05	2006–15	Mean	1995–05	2006–15	Mean	1995–05	2006–15	Mean
Argentina	0.40	0.48	0.44	-0.38	-0.47	-0.43	32	31	31
Bolivia	0.70	0.65	0.68	-0.68	-0.55	-0.60	25	31	28
Brazil	0.48	0.42	0.45	-0.01	-0.12	-0.08	37	38	38
Chile	0.09	0.10	0.09	1.43	1.42	1.43	72	71	71
Colombia	0.58	0.56	0.57	-0.28	-0.31	-0.30	32	37	34
Costa Rica	0.20	0.17	0.18	0.58	0.57	0.58	50	51	51
Dom Rep	0.81	0.81	0.81	-0.49	-0.75	-0.65	32	30	31
Ecuador	0.56	0.49	0.53	-0.88	-0.77	-0.82	25	25	25
El Salvador	0.72	0.66	0.69	-0.59	-0.30	-0.42	38	38	38
Guatemala	0.81	0.79	0.80	-0.67	-0.61	-0.63	27	30	28
Honduras	0.84	0.79	0.82	-0.88	-0.81	-0.84	23	26	25
Mexico	0.59	0.61	0.60	-0.28	-0.42	-0.36	34	34	34
Nicaragua	0.69	0.69	0.69	-0.60	-0.77	-0.70	27	26	26
Panama	0.47	0.47	0.47	-0.32	-0.33	-0.33	35	35	35
Paraguay	0.79	0.72	0.75	-1.28	-0.96	-1.09	18	24	22
Peru	0.58	0.48	0.53	-0.29	-0.35	-0.33	40	36	38
Uruguay	0.03	0.04	0.04	0.82	1.23	1.06	51	70	61
Venezuela	0.80	0.87	0.83	-0.90	-1.18	-1.07	25	19	23
Region	0.56	0.54	0.55	-0.32	-0.30	-0.31	35	36	35

Source: Data for V-DEM, Coppedge et al. (2017a); for WB, Kaufmann et al. (2010); and for TI, Transparency International (2017).

Note: "Control of corruption" captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. Its scores lie between -2.5 and 2.5, with higher scores corresponding to better outcomes. "Corruption perception" ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. It ranges on a scale from 0 (highly corrupt) to 10 (clean). "Political corruption" captures measures of distinct types of corruption: executive, legislative, judicial, and public sector corruption. The index runs from less corrupt to more corrupt.

Chapter 5: Accountability for Corruption in a Least-Likely Scenario: The Case of Brazil

5.1 Overview

Corruption has been a defining issue in post-authoritarian Brazil, with all New Republic governments having to deal with at least one major scandal that involved the misuse of public office for political or personal gain. Corruption at the highest echelons of government and the legislature has involved all the relevant established political parties, and some of the most notorious political leaders and party elites in the country have been accused of facilitating, either actively or passively, illicit transactions. In this chapter, we explore how the Brazilian party system and its parties have influenced the functioning of accountability for corruption. The analysis emphasizes obstacles for controlling corrupt politicians in Brazil because of the “fluid” state of the post-authoritarian party system and the development of political parties with limited organizational endowments, lack of discipline and weak programmatic linkages to society.

Brazil resembles a “least-likely” case to assess the functioning of the mechanisms of accountability. Brazilian political institutions and partisan structures in government produce multiple centralized and decentralized decision-making powers that diffuse the control of corrupt politicians and obscure the attribution of responsibility (Tavits, 2007; Schwindt-Bayer and Tavits, 2016). The Brazilian *presidencialismo de coalizão* very often puts presidents in positions of minority government (Powell, 2000), thus creating obstacles to identify responsible parties and to punish incumbents accordingly. Likewise, the country has had an extremely fragmented party system, which has made it difficult for an organized opposition to closely monitor the actions of government and has hindered voters’ capacity to acquire relevant information about the main actors and their party brands. A robust federalism, where mayors and governors are powerful

players, has also contributed to creating competing sources of authority and has further undermined party elites' incentives to control incumbents for their acts in office.

In this context, we examine the mechanisms linking PSI and accountability for corruption. Our review of qualitative, quantitative, and historical evidence shows that parties in Brazil have had very few incentives and limited capacities to hold politicians into account for political wrongdoings. A party system with volatile patterns of voting support, changing dynamics of alliance and opposition, and a highly fragmented legislature severely limited the responsiveness of officeholders accused of corruption. Decentralized party organizations coupled with a strong federalism and a candidate-centered electoral rule provided politicians and candidates with a great deal of autonomy vis-à-vis their parties. Although an "uneven" stabilization in the national competition for executive office helped raise the stakes for parties to discipline their members and facilitated the monitoring and electoral punishment of corruption, this trend was not enough to prevent unscrupulous officeholders from being elected and re-elected at the national, state, and municipal levels. Incumbents and candidates have managed to counterbalance the negative reputational effects of corruption by broadening their electoral appeals and attracting supporters based on personality, pork, and clientelism. Finally, recent revelations of massive corruption operations such as the Menselão and Lava Jato reflect emerging collective action problems among politicians and parties to discipline corrupt acts in a context of mutual accusations and unstable alliances.

The exposition of the case follows a mechanism-based approach. It first provides background information for the case and traces the institutionalization of parties and party systems in Brazil. The second section overviews the phenomenon of political corruption in the post-authoritarian era, and then examines the specific mechanisms through which PSI influences the functioning of accountability for corruption.

5.2 Parties and Party Systems in the Post-Authoritarian Brazil

5.2.1 Pre-Authoritarian Party Systems

The Brazilian political history is characterized by the discontinuity of party organizations and frequent ruptures in the party system (Lamounier and Meneguello, 1985). Until 1945, modern political parties in the sense of mass organizations that rely on popular mobilization for support and votes were absent (Mainwaring, 1999, 1995). Notable parties since the 1830s made extensive use of clientelism and patronage to access power, and political elites enjoyed great autonomy from their parties. With an extremely limited franchise and a patrimonial order in which state institutions were treated as private property, governing elites had very few incentives to invest in party organization. Civil society was notoriously weak, and the territorial dispersion kept party organizations subordinated to local powerful individuals. The state itself contributed to the dissolution of the party system in 1889, 1930 and 1937, all of which made party organizations weak and poorly institutionalized. From 1945 and until the military coup d'état of 1964, Brazil experienced a competitive regime organized by a moderately institutionalized multiparty system. Although parties effectively played a role in the competition for votes and appealing to the masses, they remained organizationally weak and ideologically heterogeneous. Parties were allowed to exist until 1965, when they were dissolved and replaced by two newly created parties. In contrast to other authoritarian experiences in the southern cone, particularly those in Argentina, Uruguay and Chile, the Brazilian military government only closed Congress twice and for short intervals, and a hegemonic two-party system operated throughout the period.

5.2.2 Democratization with an Inchoate Party System, 1979-1994

The return to free political contestation via open—though still indirect—presidential elections in 1985 marked the conclusion of the slow and protracted process of political liberalization that brought to end two decades of authoritarian rule in Brazil (Mainwaring, 1986). This passage

toward democratization was a remarkable achievement for a region where, with few exceptions, bureaucratic-authoritarian governments remained in power. Initiated in 1974 as a controlled *abertura* driven by military elites, the Brazilian transition to democracy shaped to a great extent the nascent party system (Hagopian, 1990; Skidmore, 1988). In a regime change “decisively negotiated by the political class in a series of political pacts” (Hagopian, 1990, 149), military and political elites had been successful in their attempt to dissolve party identifications and in establishing the parameters for the formation of new party organizations (Lamounier and Meneguello, 1985).

Following the twilight of the authoritarian regime, the configuration of an “inchoate” multi-party system took place (Mainwaring and Scully, 1995b). Many of the practices that had characterized previous regimes reappeared, however, including clientelism, frequent party switching, and state patronage in the context of weakly programmatic parties. Economic conditions hindered institutionalization as well. Economic deterioration and near hyperinflation plummeted the approval ratings of presidents João Figueiredo (1979-85), José Sarney (1985-90), and Fernando Collor de Mello (1990-92) (Mainwaring et al., 2018b). The “inchoate” state of the party system could be evidenced by the discontinuity in the identity of the main players, erratic patterns of competition, and absence of clear and stable ideological placements. Differently from other democratic transitions in the most developed countries in the Southern Cone (e.g., Argentina, Chile and Uruguay), none of the major political actors of the pre-authoritarian system survived as relevant players in the democratic era. A permissive electoral rule and very low barriers to new contenders along with the weaknesses of party loyalties led to highly unpredictable patterns of competition. In Lower Chamber elections, from 1982 to 1986 the Pedersen index of electoral volatility was 35.4 percent (42.5 percent in seats).¹ High volatility was maintained during the subsequent competitive elections; from 1986 to 1990 it was 35.6 percent (in votes), and from 1990 to 1994, it was 18 percent. Volatility in presidential elections was even higher, mainly because of a disastrous administration that finished with the impeachment of President Collor in 1992.

¹The index of electoral volatility is computed by adding value of change in the percentage of votes (or seats) gained or lost by each party from one election to the next and dividing by two—in that way, gains and losses are not double counted.

Among the countries included in Mainwaring and Scully's (1995a) study, only Peru experienced greater volatility in the region.

5.2.3 Uneven Stabilization, 1995–2014

Beginning in 1994, the Brazilian party system went through a gradual process of stabilization coupled with some continuities from the previous period; an evolution that Mainwaring et al. (2018b) described in terms of “thin” and “uneven” institutionalization and Zucco (2015) as “stability without roots.” Three factors contributed to this process: the economic stabilization of the country and its socioeconomic progress, changes in formal rules that encouraged party discipline and more cohesive party organizations, and the consistent presence of two viable contenders with contrasting ideological positions (Mainwaring et al., 2018a). Economic stabilization and the control of inflation were important factors in the election of Cardoso in 1994 and again in 1998, and the government's economic performance helped to raise the Party of Brazilian Social Democracy (*Partido da Social Democracia Brasileira*, PSDB) as a major political force. Subsequent economic growth and the broadening of social policies, with the reduction of poverty and income distribution under Lula's government (2003-10), helped solidify the Workers' Party brand (*Partido dos Trabalhadores*, PT) as well. In relation to formal institutional rules, new measures sought to encourage party discipline on legislative roll-call votes, and a new Law of Political Parties (1995) increased public funding and guaranteed television and radio time during electoral races. Likewise, the “birthright” candidate (*candidato nato*) law that had allowed incumbents to automatically run for reelection without the need of the support of a party was overturned in 2002, and new rules regulating party switching were implemented. Although these changes may have contributed to increase party cohesion in roll-call votes in the Chamber of Deputies (Figueiredo and Limongi, 2000, 1999), candidate recruitment remained highly decentralized (Samuels, 2008) and party leaders' capacity to enforce discipline has been disputed (Ames, 2002). Furthermore, in 2007 the Superior Electoral Court ruled that switching by legislators to newly created parties

was legal, which fostered the creation of three new parties between 2010 and 2015 (Melo, 2016).

The gradual stabilization of the Brazilian party system manifested in the constitution of a core of relevant political actors. Beginning in 1994, the PT and the PSDB rose as the most relevant contenders in presidential and legislative contests. A summary view of the six presidential elections from 1994 to 2014 shows that the PSDB either won the contest (with Cardoso in 1994 and 1998) or finished second and passed to the runoff (in 2002 and 2014) (Table 5.1 and 5.2). The PT, on the other hand, consolidated its position as a fully national party with roots in unions and grassroots organizations, and it was able to put candidates in the presidential seat twice: Lula in 2002 and 2006, and Dilma Rouseff in 2010 and 2014 (until her impeachment on May, 2016). Both parties anchored the national political competition for executive office in moderately stable ways, and the effective number of presidential candidates decreased from 5.45% in 1989 to an average of 2.76% from 1994 to 2014 (Mainwaring et al., 2018b; Zucco, 2015). Likewise, the share vote of new parties in presidential elections (1st round) decreased since the election of Collor de Mello (Mainwaring, 2018a). The main contenders of the party system remained relatively stable, with four major parties—PT, PMDB, PSDB and the Democrats (*Democratas*, DEM, former PFL)—plus a large and heterogeneous group of medium-sized parties. However, the PMDB has behaved contingently, changing coalitions in successive governments, and the PT has had “strange bedfellows” in its last governing coalitions.

In the legislature, the congress has remained a moderately volatile and highly fragmented institution. The effective number of electoral parties with representation in the Chamber of Deputies increased monotonically since 1982, with a record value of 14.1 effective parties in the 2014 elections (Table 5.3). While the electoral volatility in low-chamber elections expressed a decrease after the 1994 elections, in 2014 it expressed similar degrees to those registered in the 1990s. Still, the mean total volatility has been higher than in other middle-income Latin American countries such as Uruguay, Chile and Mexico (Mainwaring, 2018a).

At state level, proportional elections for state assembly also resulted in volatility and high numbers of effective parties in the twenty-seven Brazilian states. Electoral volatility in gubernatorial

Table 5.1: Presidential Election Results in Brazil by Parties, 1989–2014

Party	1989	1994	1998	2002	2006	2010	2014
PRN	30.5	0.6					
PT	17.2	27.0	31.7	46.4	48.6	46.9	41.6
PDT	16.5	3.2			2.6		
PSDB	11.5	54.3	53.1	23.2	41.6	32.6	33.5
PDS	8.9	2.8					
PL	4.8						
PMDB	4.7	4.4					
PRONA		7.4	2.1				
PCB/PPS	1.1		11.0	12.0			
PSB				17.9			21.3
PSOL					6.9		1.5
PV	0.2		0.3			19.3	0.6
Others	4.8	3.1	1.9	0.5	0.3	1.2	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	
ENPC ^a	5.5	2.7	2.5	3.2	2.4	2.8	3.0
Volatility ^b	-	60.7	17.6	33.8	30.4	19.5	24.2
Share new parties ^c	51.1	0.0	0.7	0.0	7.0	0.0	0.0

Source: Mainwaring et al. (2018b, 172).

Notes: Results are % of 1st round valid votes. ^aEffective number of presidential candidates. ^bMean total electoral volatility. ^cMean total vote share of new parties.

Table 5.2: Results of Presidential Elections in Brazil by Candidates, 1994-2014

	1994	1998	2002		2006		2010		2014	
	1st	1st	1st	2nd	1st	2nd	1st	2nd	1st	2nd
PSDB	FHC	FHC	Serra	Serra	Alckmin	Alckmin	Serra	Serra	Neves	Neves
	55.2	53.1	23.2	38.7	41.6	39.2	32.6	44.0	33.6	48.4
PT	Lula	Lula	Lula	Lula	Lula	Lula	Dilma	Dilma	Dilma	Dilma
	40.0	31.7	46.4	61.3	48.6	60.8	46.9	56.1	41.6	51.6

Source: Tribunal Superior Eleitoral.

Note: it was not necessary a runoff election in 1994 and 1998.

torial elections remained persistently high, with a mean electoral volatility of 67.8% from 1990 to 2014 (Mainwaring et al., 2018b). In this sense, the stability registered for presidential elections did not mirror the moderate and high volatility in the legislature and the state governments.

Table 5.3: Lower Chamber Election Results in Brazil, 1982–2014

Party	Founded	1982	1986	1990	1994	1998	2002	2006	2010	2014
PP ^a	1966	43.2	7.8	8.9	9.4	11.3	7.8	7.1	6.5	6.6
PMDB ^b	1966	43	48.1	19.3	20.3	15.2	13.4	14.5	13	11.1
PDT	1979	5.8	6.5	10	7.2	5.7	5.1	5.3	5	3.6
PTB	1979	4.5	4.5	5.6	5.2	5.7	4.6	4.7	4.2	4
PT	1979	3.6	6.9	10.2	12.8	13.2	18.4	14.9	16.9	13.9
DEM ^c	1985		17.7	12.4	12.9	17.3	13.4	10.9	7.5	4.2
PR ^d	1985		2.9	4.3	3.5	2.5	4.3	4.4	7.5	5.8
PSB	1985		0.9	1.9	2.2	3.4	5.3	6.2	7	6.4
PSDB	1988			8.7	13.9	17.5	14.3	13.7	11.9	11.4
PSD	2011									6.4
Others		0	4.7	18.8	12.6	8.2	13.4	18.3	20.5	26.9
ENP _v ^e		2.6	3.6	9.8	8.5	8.1	9.3	10.6	11.2	14.1
Volatility ^f		-	35.4	35.6	18	15.3	14.9	10.4	11.2	17.6
Share new parties ^g		13.8	26.3	11.5	0.3	0.6	0	1.4	0	11.9

Source: Mainwaring et al. (2018b, 177).

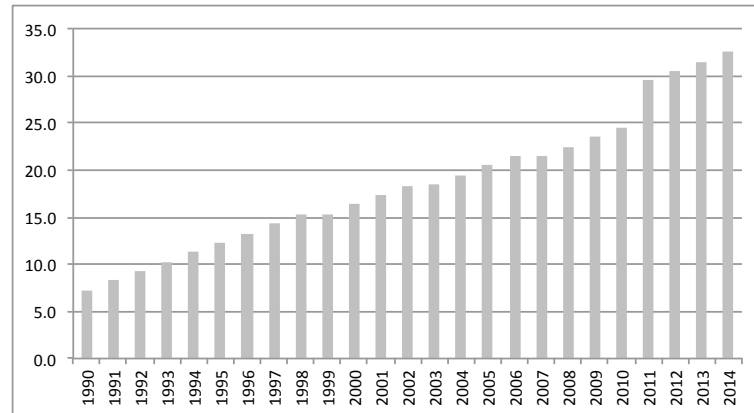
Notes: ^aInclude ARENA, PDS, PPR and PP. ^bInclude MDB and PMDB. ^cInclude PFL and DEM. ^dInclude PL and PR. ^eEffective number of parties in votes. ^fMean total electoral volatility in votes. ^gMean total vote share of new parties.

5.2.4 Limited Incorporation and Weak Party Institutionalization

The post-authoritarian parties in Brazil were defined by “their fragility, their ephemeral character, their weak roots in society, and the autonomy politicians of the catch-all parties enjoy[ed] with respect to their parties” (Mainwaring, 1995, 354). Party organizations have been historically weak in their capacity to shape politicians’ careers in comparison with middle-income countries in the region (Samuels, 2008, 2003; Ames, 2002; Lamounier and Meneguello, 1985), and have commonly been described as decentralized and loosely organized patronage machines driven by free-wheeling politicians and local and regional leaders (Samuels, 2006; Hagopian et al., 2009). Although the average age of the main parties experimented a continuous increased since 1990 (Figure 5.1), parties were weakly programmatically structured (Kitschelt et al., 2010a). The main parties have not developed strong policy or programmatic appeals. Instead, party-voter linkages have relied extensively on direct and personal exchanges, and most typically on the transfer of material resources for support. Voting patterns show a wide divergence between the distribution of votes at the presidential race and votes at congressional elections, even after taking

into account coalitions formed at the presidential level (Zucco, 2015).

Figure 5.1: Mean Age of Parties in Brazil, 1990–2014



Source: data from Cruz et al. (2016).

Note: Party age is the average age of the two largest government parties and the largest opposition party.

In terms of ideological stances, survey data from members of the legislature suggest that Brazilian political elites may share an ideological structure in terms of the placement of their parties (Zucco, 2015; Power and Zucco, 2012) (Table 5.4). However, party placement along the left-right continuum may not provide relevant information about the effective programmatic content and the policy stances associated with ideological positioning. In a study based on surveys to congressional elites, Kitschelt et al. (2010a) analyzed the degree to which religious, economic, and regime issues structured the partisan space. Brazil was placed among the legislatures where the partisan space was not structured by a clear-cut economic dimension, nor by distinguishable political regime or religious divisions (Table 5.5). Likewise, the economic structuring of the party system—i.e., the degree to which the party system was structured programmatically around economic issues—was weak for all the dimensions consigned.²

The degree of cohesion and discipline in legislative parties has been a subject of intense debate (Neto, 2002). The conventional wisdom concurred that Brazil had a highly undisciplined

²The authors consider four dimensions of programmatic economic structuration: if the economic partisan divide is articulated, if politicians place parties on a formal left-right dimension according to the parties' scores on the economic-distributive partisan divide, if parties represent their constituencies on economic issues, and if the average diffuseness of parties in economic policy issues is relatively modest (Kitschelt et al., 2010a).

Table 5.4: Left-Right Placement of Major Parties by Members of the Legislature, 1990–2013

Party	Left-Right Placement (BLS waves)						
	1990	1993	1997	2001	2005	2009	2013
PT	1.50	2.03	1.93	2.19	3.62	3.60	3.73
PSB	2.21	2.35	2.81	2.85	3.48	3.75	4.05
PDT	3.12	3.51	3.26	3.43	4.07	4.09	4.22
PSDB	3.95	4.37	5.86	6.09	5.91	5.83	6.04
PMDB	4.89	5.03	5.48	5.97	5.83	5.85	6.08
PTB	6.92	6.75	7.28	7.12	6.70	6.57	6.45
PL/PR	7.24	7.36	7.48	7.05	6.88	6.89	6.91
PFL/DEM	7.74	7.51	8.10	8.21	7.77	7.89	8.07
PDS/PP/PPB	8.47	6.30	8.38	8.57	7.78	7.72	7.46
PSD							6.58

Source: Brazilian Legislative Surveys (1990-2013)(Timothy and Cesar, 2014).

Note: Values are the mean placement of parties (by non-members of the party) on an ideological scale where 1 is left and 10 is right.

Table 5.5: Partisan Strength Scores for Economic, Regime, and Religious Divides in Latin American Legislatures, 1997–98

Country	Economic-Distributive ^a	Political Regime ^b	Religious ^c
Argentina	0.325	0.250	0.245
Bolivia	0.166	0.163	0.188
Brazil	0.159	0.093	0.198
Chile	0.516	0.490	0.581 ^d
Colombia	0.200	0.123	0.283
Costa Rica	0.361	0.085	0.208
Dom Rep	0.130	0.195	0.028
Ecuador	0.134	0.320	0.210
Mexico	0.461	0.195	0.658
Peru	0.208	0.285	0.153
Uruguay	0.371	0.348	0.443
Venezuela	0.276	0.388	0.200

Source: Kitschelt et al. (2010a, 94).

Notes: Values are the average of absolute canonical correlations (DF1) on: ^aeconomic-distributive, *on privatize industry, privatize services, don't control prices, don't sponsor job creation, don't provide housing, don't provide social security, no unemployment insurance, and don't subsidize basics*; ^bpolitical regime, *minority rights not important, democracy always best, elections always best, and parties not superfluous*; and ^creligious, *I go to church often, abortion not allowed, divorce not allowed, and I'm very religious*. ^dAverage on DF2.

legislative arena, because parties were weakly cohesive, institutional rules gave incentives for individualistic behavior, and congress was highly fragmented. Mainwaring (1999) examined party discipline in legislative votes on controversial matters and concluded that catch-all organizations

were comparatively undisciplined, and parties rarely obliged their members in the legislature to follow the leadership. Conversely, a revisionist literature has transmitted a more optimistic view of party discipline and cohesion in the Brazilian style of multiparty presidentialism (Power, 2010). These scholars have underscored that individualistic behavior among legislators could be neutralized through constitutional rules that allowed party leaders to control their contingents. Analyzing roll call votes data since the enactment of the 1988 constitution, Figueiredo and Limongi (2000) demonstrated that presidents have had a considerable degree of success in enacting their legislative agendas, with an average discipline of the presidential coalition of 85.6 percent. Critical for this outcome were “internal” institutional rules that organized the legislative arena: the power of the president to set the legislative agenda, and the centralization of the legislative work by party leaders (Figueiredo and Limongi, 1999). Lyne (2005) studied party behavior in the legislature in two periods (1945–64 and 1989–2002) and registered an overall increase in programmatic behavior in governing and opposition coalition building. Hagopian et al. (2009) also pointed to the emergence of “party-oriented” legislators and the rising of party discipline since 1990s. However, the revisionist argument presents several limitations. On the one hand, studies have limited to the behavior of legislators in a single arena—the lower chamber of the National Congress—and have not considered the dynamics of state and local politics that characterize Brazilian federalism. On the other hand, roll-calls votes do not account for the process that filters potential proposals before being voted. Moreover, as we shall see in the *Mensalão* scandal, voting behavior can be influenced by illicit *quid pro quo* deals. Finally, many of the trends underlined in the revisionist argument might reflect the distinctiveness of the behavior of a single party—the PT—rather than the overall trend for the party system.

The Workers’ Party has been considered unique in Brazil, for this party was founded with strong linkages to unions and grassroots organizations, had a large membership with strong mobilization elements, labor intensive campaigns, resources that came from members’ fees, and an institutionalized hierarchical structure with well-disciplined members (Samuels, 2004, 1999). However, once in government, the PT went through a process of strategic adaptation signaled

by moderation and normalization (Hunter, 2007; Samuels, 2004), along with some personalizing of the party brand in the image of its historical leader, Lula da Silva (Samuels and Zucco, 2014).

In sum, during the last two decades a core set of stable party contenders gradually stabilized in Brazilian politics, mainly because of the emergence of two dominant competitors in all presidential elections since 1994. However, there were important elements of continuity from the inchoate post-authoritarian party system. Competition at the local level has not mirrored the stability achieved in presidential races, and the trend in the national Chamber of Deputies reversed in the last elections. In the dimension of programmatic incorporation, the party system remained weakly institutionalized, and the main parties did not develop strong programmatic attachments to their constituents—with the exception of the PT. Party system fragmentation at the national level not only maintained but also increased over time, making the Brazilian Congress one of the most fragmented institutions in the world. Such fragmentation, however, did not translate in better representation of society’s interests and concerns. Ambiguous ideological stances, low partisan identification, and lack of programmatic and policy commitments contributed to give rise to “hydroponic” parties with weak roots in social grounds and catch-all profiles (Zucco, 2015).

5.3 Corruption in Brazil

As it is the case in many Latin American countries, corruption in Brazil has a long history that goes back to the colonial period. Political corruption was linked to formalism, lack of respect for the rule of law, and a public culture that gave primacy to family and personal ties over generalized forms of trust on citizens and institutions (Morris and Blake, 2009). Differently from other middle-income countries in the region—Argentina, Chile, Costa Rica, or Uruguay—, Brazil had a protracted oligarchical order, and only experienced open political competition from 1945 to 1964, when the government of João Goulart was deposed in a coup. Indeed, ending the rampant corruption within a collusive political elite was often cited as a rationale for military intervention

(Skidmore, 1988). With the political *abertura* of 1974, free access to media and press triggered an explosive increase in the exposure of high-ranking government misdoings. However, as the country transitioned to open democratic elections and implemented market reforms, new means for corrupt practices emerged (Manzetti and Blake, 1996).

Prior to 1990, corruption mostly took the form of decentralized arrangements that were usually known to exist and were even “tolerated” (Fleischer, 1996). The executive operated its own corruption and payback schemes, often not tied to sophisticated operations. With the rise in power of Fernando Collor de Mello, however, a new style of corruption that departed from the traditional manipulation of public funds took place (Fleischer, 1996; Geddes and Neto, 1992). After the calamitous fall of Collor in a presidential impeachment in 1994, major political corruption scandals permeated each of the successive administrations (Figure 5.6). Corruption accusations involved illicit campaign financing, malfeasance, cash for policy, and rent-seeking through policy implementation and adjudication (Power and Taylor, 2011). Notwithstanding highly publicized scandals, the countries’ performance in cross-national corruption indexes provide a more nuanced view, where, despite some divergences in relation to the 2005-2010 period, corruption has more or less stabilized until the impeachment of Dilma Rousseff in 2016 (Figure 5.2).

It must be noted that corruption has not uniformly decreased in the last decade despite the creation of accountability institutions and anticorruption agencies³ (Power and Taylor, 2011; Taylor, 2009).

³Among these institutions were the Controladoria Geral da União (CGU), an executive auditing body; the Ministério Público, a prosecutorial service; and the Federal Police. In the legislative branch, the congressional investigating committees (*Comissão Parlamentar de Inquérito*, CPI) played an active role in the investigation of cases at the federal level. The federal judiciary and the electoral courts were the recipients of the Ministério Público’s effort, and the Superior Electoral Tribunal has been in charge of federal politicians’ behavior during campaigns and elections. Finally, Brazilian media have had a role in bringing corruption to public light.

Table 5.6: Selection of Corruption Scandals in Brazil

1983	•	CAPEMI: Fraudulent contracts with the military retirement fund involving Gen. Octávio Medeiros, then Chief of the National Information Service.
1987	•	Ferrovias Norte-Sul: Allegations of irregularities in the public bidding for a railroad in the Amazonian led to a congressional inquiry and cancellation of the bidding.
1988	•	CPI da Corrupção: Allegations of irregularities in the disbursement of federal funds to municipalities led to accusations against President Sarney and ministers.
1992	•	P.C./Collorgate: Massive kickback scheme orchestrated by Farias and Collor led to Faria's conviction and presidential impeachment by opposition groups in the legislature. His personalistic party (PRN) went into decline, but Collor was able to return to politics and Congress under a new label.
1993	•	Budgetgate "dwarves": members of the Congress, known as the "seven dwarves" for their short stature, defrauded the Treasury by writing amendments benefiting specific firms in exchange for bribes. João Alves (PFL) was substituted for Ricardo Fiuza (PFL). Fiuza was later accused of collusion, and appointed Minister of Social Action. A CPI recommended the removal of twenty members of Congress, from which four resigned, eight were removed, and twelve were absolved.
1994	•	Lalau scandal: Judge Nicolau dos Santos (Lalau) accused of having misappropriated funds during the construction of the Regional Labor Court in São Paulo, with the complicity of senator Luiz Estevão (PMDB, former PP and PTR). Estevão was expelled from Congress in 2000, and Lalau and Estevão were later condemned to jail.
2000	•	SUDAM: Scheme of side-payments uncovered between the federal Amazonian Development Superintendency and politicians. After being accused, Senator Jader Barbalho (PMDB) resigned from Congress, only to be reelected as deputy in 2002 and 2006 and senator in 2010.
2003	•	Operation Anaconda: Network of lawyers, detectives, and judges who were accused of selling judicial decisions.

2004	• Sanguessuga scandal: Operation involving the fraudulent purchase of ambulances, where members of the Congress had been bribed to write individual budget amendments. A CPI created in 2006 recommended the expulsion of seventy-two members of Congress, most of them from the PL, the PTB, the PP, and the PMDB. Fernando Gabeira (PV), speaker for the CPI, denounced a similar scheme involving four deputies from the PMDB. The president of the PSB accused Gabeira and required his resignation from the Council of Ethics and Decorum.
2005	• Mensalão: Vote-buying scheme orchestrated by high officials of the PT (José Dirceu) that provided payments to members of Congress in exchange for legislative support. There were also revelations of kickbacks from public-sector purchases (<i>caixa dois</i>). The scandal led to the resignation of Dirceu. A CPI asked for investigations of 18 deputies. In 2012, a court found Dirceu, Genoino and Soared (from the PT) guilty of bribery.
2006	• Dossiê scandal: Two men were captured carrying with them money for the acquisition of a dossier that would supposedly contain false accusations against the PSDB candidate for the state of São Paulo José Serra.
2014	• Operation Car Wash (<i>Lava Jato</i>): Under investigation, massive corruption scheme involving political corruption and public contracting in Brazil and abroad; 51 associated operations have been identified so far. Although not directly involved, the scandal had major role in the impeachment of President Rousseff.

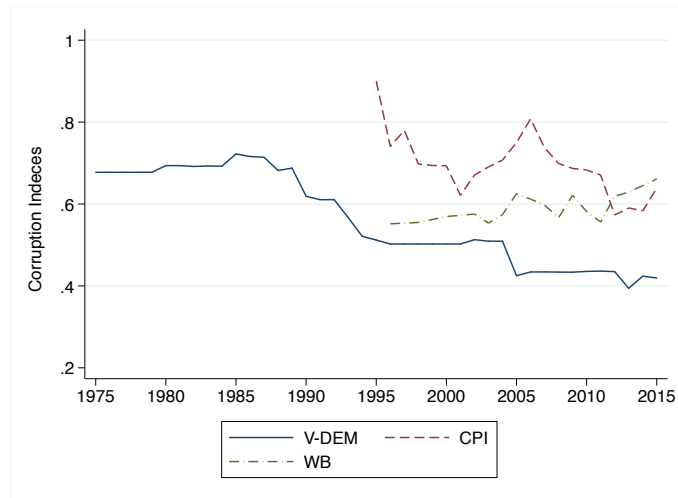
Source: Adapted from Power and Taylor (2011).

5.4 Parties and Accountability for Corruption

5.4.1 Control over Candidates

Although corruption has been a ubiquitous theme in Brazil (Taylor, 2009), with almost one in five Brazilians spontaneously citing corruption as the main national problem in public opinion polls (Latinobarómetro 2015), partisan structures and government institutions have given rise to multiple centralized and decentralized powers that have not facilitated the control of politicians accused of political wrongdoings (Jucá et al., 2016). The conjunction of Brazil's robust federalism, which favors politicians' local and regional appeals instead of national partisan platforms; its permissive and candidate-centric electoral system, which encourages individualistic strategies and party fragmentation; and the prevalence of organizationally weak and catch-all parties have

Figure 5.2: Evolution of Political Corruption in Brazil by Indexes, 1975–2015



Note: indexes have been normalized so that they are comparable to each other.

severely shortened the capacity of parties and party elites to shape the careers of individual politicians—which is consistent with the empirical manifestation of a weakly institutionalized party system (O_1).

Political and fiscal decentralization has made state governors and mayors of important cities powerful figures with independent bases of support; in a way, they have been able to compete with presidents for power and resources (Mainwaring, 1997). Institutional and party configurations strengthened state-based interests in national politics (Samuels, 2003), which facilitated the formation of political careers outside of the national arena. Indeed, state governors have commanded significant political and economic resources, have played important positions in their parties, and have had great influence on party nominations. Samuels (2003, 5) even observed that “deputies’ electoral success depend[ed] on their insertion into and connections with *state-level* political networks”, which increased the autonomy of legislators from national partisan platforms and agendas.

The electoral system has also precluded the parties’ control over candidates. At the legislative level, federal deputies in Brazil are elected through an open-list, proportional representation for-

mula. This candidate-centered rule has encouraged intra-party differentiation and competition, which favored the cultivating of “personal” instead of partisan reputations (Gingerich, 2013). The system further magnified this tendency by drawing at-large multimember districts, whose boundaries are isomorphic with those of the states. Parties could nominate 1.5 (or 2) times as many candidates as there were seats, generating quite large party lists. High number of candidates per list and huge districts encouraged fragmentation and the development of individualistic strategies and appeals based on personal characteristics rather than party brands. To visualize this, we can take the case of a politician of the PT running for federal office in the state of São Paulo. In 2014, she would have competed for one of the 70 seats available against 1,484 other candidates, 68 of whom were her co-partisans in the PT.

Even for a party traditionally disciplined such as the Workers’ Party, under these conditions candidates must develop personalistic strategies in order to be successful. In fact, campaigns have acquired in Brazil a highly individualistic profile (Mainwaring, 1999). Ames (2002) demonstrated that politicians adopted geographically limited campaigns, creating informal “bailiwicks” and cultivating them as their personal electoral turf. Moreover, deputies who were less electorally vulnerable (i.e., higher rank in the party’s postelection list) engaged more in pork-seeking and were in a favorable position to defect to their parties. On the other hand, while Brazilian laws barred independent candidates by requiring all politicians to run on a party list and by imposing residency requirements for candidates, politicians have been able to purchase properties in the district where they wish to compete, and the existence of at-large districts ensured that these requirements would not constitute obstacles for ambitious candidates. Samuels (2008) reported that all of the Brazilian parties utilize decentralized systems of candidate nomination, in which the self-selection of candidates characterizes the composition of lists.

With little party’s control over nominations and candidate-centric electoral rules, institutional and partisan arrangements encouraged the formation of “entrepreneurial” careers. Because “individual candidates ha[d] substantial leeway to decide whether to run or not, and for which party label” (Samuels, 2008, 6), politicians could develop their careers regardless of their parties. On

the one hand, high turnover in the lower house introduced uncertainty about the existence of viable contenders for office. Samuels (2002) estimated that about one-third of the incumbents in this chamber did not run for reelection, but instead after a term in the legislature they sought to obtain a position in the state government, as a municipal mayor or state governor. This alternative venue in politicians' careers further limited parties' abilities to shape the careers of officeholders—and it has precluded voters' ability to punish or reward incumbents at the polls (Ames et al., 2008). On the other hand, politicians have had weak loyalties to their parties and have frequently switched between parties. Since the return to democracy, elected politicians changing parties at both federal and local levels was a recurring practice. Mainwaring (1999, 142) claimed that “perhaps no other feature so radically distinguishes Brazilian catch-all parties from those in other more developed countries of Latin America as the weak loyalty of politicians”. The author registered at least 197 switches among 305 representatives in the national legislature from 1987 until 1990. Moreover, many cases of party switching were incongruous from the ideological point of view. Desposato (2006) reported that more than a third of deputies switch parties during their terms, and some as many as seven times. With the exception of the PT and some small ideological parties, transaction costs for legislators to switch parties have been manageable, and the very low partisanship among Brazilians has contributed to its low salience.

Career success in Brazil has largely depended on individual resources and efforts. In fact, access to clientelism, pork and patronage have become key to building political careers and securing electoral support (Ames, 2002; Mainwaring, 1999). Because party leaders have not acted as “gate-keepers” for legislative office, politicians have managed to gather political support by transferring resources and “pork” to local constituencies (Ames, 1995a), which further precludes the development of already weak programmatic party linkages and partisan platforms. In fact, substantive evidence points to how individual politicians have benefited from their great autonomy to distributive benefits and resources, which are often deployed to counteract the reputational costs of accusations of corrupt acts. Pereira and Renno (2003) found that the number of budgetary amendments an incumbent managed to get approved decreased the number of rivals

she or he would face. Pereira and Melo (2015) demonstrated that the provision of public goods as public spending could compensate for some of the negative effects of charges of corruption in the reelection of mayors. Samuels (2003) argued that deputies in the National Congress engaged in pork seeking access to resources for campaigning. Jucá et al. (2016) demonstrated specifically that deputies involved in scandals and looking for reelection could make use of campaign funds to counteract the negative reputation effects of corruption. They found that federal deputies accused of corruption actually spent on average 48 percent more on campaigning, and that beyond a certain threshold (500,000 USD), deputies involved in corruption were reelected—thus balancing out the reputational costs of misdeeds.

5.4.2 Personalistic Parties

Weak and loosely organized parties are rarely able to discipline politicians and to align their career ambitions with that of the parties, which is consistent with poorly institutionalized party systems (O_2). Personalistic leaderships have very few incentives in engaging in party-building, have short run horizons, and are mostly unaccountable to their party bases and organizations. The aftermath of the military government in Brazil presented very favorable conditions for the formation of these types of personalistic ventures. The 1989 elections, the first competitive and direct presidential contest since 1960, were characterized by an inchoate party system and an electorate with very little experience with democratic competition and strongly influenced by an anti-establishment mood (Flynn, 1993). In this context, a political “maverick,” Collor de Mello, won the presidency in the runoff under the label of the Party of National Reconstruction (*Partido da Reconstruo Nacional*, PRN), a personalistic vehicle created the same year as a platform for his candidacy. In coordination with his campaign treasurer, Paulo Cesar Farias, Collor crafted a parallel organization that collected large amounts of monies and investments from complex schemes of kickbacks and “mediation taxes”—accounting for as much as 40% of the actual investments (Fleischer, 1996). These transactions not only represented an increase in illicit private financial

gains, but also allowed the President to invest on political campaigns and helped him buying loyalty from legislators in Congress. However, after the Collor-PC Farias scheme was unraveled by the president's brother and the press covered a number of high-level corruption accusations, the Senate voted to install a congressional investigating committee (*Comissão Parlamentar de Inquérito*, CPI), and then to initiate a trial of Collor. The trial led to an impeachment (in absence) that plunged his party into a deep crisis. In the absence of a strong party organization and a well-defined base of support, Collor was able to burn his party label and to reappear in the political scene under a new party brand, for which he was eventually elected Senator for the state of Alagoas in 2006. He later would switch allegiance to the Brazilian Labour Party, and then again to the Christian Labour Party, securing reelection in the National Congress.

Since Collor's victory, the presence of strong personalistic parties decreased, and there has been no successful outsider candidate for presidential elections; the last, Enéas Carneiro, obtained 7.4% of the valid votes in 1994 (Mainwaring et al., 2018b). This phenomenon can be explained by the stabilization of two major contenders in the subsequent presidential races, the PT and the PSDB. The consolidation of a party with solid organizational endowments (the Workers' Party) helped align the electorate towards two ideologically distinguishable tendencies—notwithstanding the large number of ideologically diffuse parties and alliances. In fact, for the PT sustaining a party rather than a personalistic brand was crucial to building a large pool of supporters that identified themselves with the party's ideas, values, leaders, and style of governing (Lupu, 2016a). Since its inception as a political party, the PT leadership promoted a *petista* way of doing politics that “helped make the PT a household name and gave Brazilians a sense of what the party stood for” (Hunter, 2007, 455). From 1989 to 1994, the party committed to building a strong organization and to organizing a core of disciplined partisans by sustaining practices of democratic participation, political mobilization, and an affective link with the PT and its values and principles (Samuels, 1999, 2006; Samuels and Zucco, 2015, 2016; Lupu, 2016a).

While the PT was strong in organizational and symbolic terms, it went through a process of personalization as the figure of Lula rose over his own party (De Souza, 2011). From its inception,

the PT leaders committed to building a strong party brand and encouraged the cultivation of a party reputation to gain support from their social bases. Lula's successful economic management and the broad scope of his government policies, together with his individual charisma and rhetoric, allowed him to gather new groups of support for the party via non-programmatic appeals. Scholars of Brazilian politics called this psychological phenomena among Brazilian voters *Lulismo*, and associated it with positive retrospective evaluations of Lula besides his performance in office (Samuels and Zucco, 2014). Lula's role in the PT's maintenance in power *despite* its involvement in corruption was the result of his ability to gather support from socioeconomic and geographic bases more prone to clientelist and personalistic appeals. Relative to traditional *petistas*, in his reelection in 2006 Lula amassed support from a disproportionate share of poorer, less educated, darker skinned, and less politically sophisticated voters. Lula's heightened backing among the poor responded to the systematic use of government to build clientelist networks and distribute particularistic benefits (Hunter and Power, 2007).

The first corruption scandals related to the PT threatened to damage the party's reputation in fundamental ways. On the one hand, accusations of political misdeeds constituted a source of deep frustration for supporters. From the viewpoint of traditional *petistas*, corruption scandals made the PT step into the realm of "politics as usual" (Lupu, 2016a). As Hunter (2010, 103) noted, "given the PT's association with policies that reflected principles such as transparency and accountability, even a public long accustomed to malfeasance among its elected officials felt duped". By withdrawing from voting for Lula in his 2006 reelection, these disgruntled supporters forced a runoff that otherwise would not have been necessary (Rennó and Hoepers, 2010; Rennó, 2011, 2007).

On the other hand, because the party had developed a "brand name" and a collective reputation associated with it, revelations of corruption triggered internal disputes among factions and the defection of historic leaders (Goldfrank and Wampler, 2017). Following the expulsion of Heloísa Helena and other members, former PT leaders created the Socialism and Liberty Party (*Partido Socialismo e Liberdade*, PSOL). Two former PT left-leaning candidates (Helena and

the governor of the Federal District Cristovam Buarque) collectively garnered almost 10% of the first-round of the vote in the 2006 presidential elections (Baker et al., 2016). However, Lula remained the main powerful figure in the party because of internal and external factors. In the electoral arena, Lula, and later Dilma Rousseff, played down the reputational costs of corruption by shifting responsibility towards the party and the Brazilian political system as a whole (Balán, 2014). This strategy was electorally feasible because Lula himself had engineered a “political realignment” among the Brazilian voters, attracting new adherents disproportionately from the young and the poor. This electorate was able to counteract the punishment for political wrongdoings and contributed to rebuild a new pool of sympathizers for Lula rather than for his party (Samuels and Zucco, 2014). On the internal front, Lula’s *Articulação* faction had commanded the party’s shift towards the center in pursuing a more pragmatic style of politics and a preference for broader and vote-seeking campaign appeals (Samuels, 2004). Once in government, *Campo Majoritário*, the new faction that grouped Lula’s *Articulação* and its allies, benefited greatly from the popularity of Lula and his ability to discipline the PT and resort to government to distribute pork and patronage. As we shall see in the analysis of the Menselão case, the position of Lula vis-à-vis his party allowed him and his allies to keep order in the ranks and avoid responsibility for corruption (De Souza, 2011).

As it is observed, even though the presence of successful personalistic parties decreased when the PT and the PSDB rose as the main competitors for presidential office, parties remained prone to strong individualistic leaderships. A clear example is the personalizing of the PT’s party brand in the figure of Lula, and the emergence of a new *Lulismo* that threatened to replace the traditional party supporters.

5.4.3 Benefits from Corruption

Political and party elites might be reluctant to take actions against unscrupulous politicians if the party greatly benefits from corruption. Where corruption is widespread and even tolerated,

collective action problems can deter the control of corrupt activities (O_3). In Brazil, the narrative of the impunity of corrupt politicians reigns (Taylor, 2017). Pavão (2015) claimed that corruption was perceived with cynicism among Brazilians, meaning that citizens view corruption as a practice widely disseminated across the political spectrum and among candidate options. Because politicians are perceived as equally corrupt and incompetent to address this issue, the incentives to tackle political misdoings are scant and the concrete reforms mostly symbolic.

As we saw in the case of Collor de Mello, where the success and destiny of the party heavily relies on corrupt deals, there are few incentives to tackle this issue. Collor's administration organized a sophisticate scheme of malfeasance and centralized corruption to build legislative majorities and guarantee the survival of his personalistic venture. Once the PT emerged as a competitive actor, corrupt quid-pro-quo deals represented feasible strategies to cope with the little access that PT candidates had to campaign donations from big business. Many cities connected in the *caixa dois* network, such as Santo André, Campinas, São José dos Campos, and Ribeirão Preto, became PT showcases for the party's initiatives (Hunter, 2010). Critics saw in the influence of *Campo Majoritário*, the new faction that grouped Lula's *articulação* and its allies, the same structure of illegal payments that had consolidated PT's electoral success (Flynn, 2005; Goldfrank and Wampler, 2008). These resources would later be used to craft voting majorities in the legislature through the *Mensalão* operation. In that way, the control and access to resources derived from corrupt transactions became key to fund political campaigns and gather popular support as well as to turn the balance of power to Lula's allies within the party. To the extent that corruption generated great returns to the dominant faction, party elites and members had no incentives in controlling unscrupulous officeholders.

Resources stemming from corruption might have also played a role in the purchasing of support from legislators of opposition groups. In fact, active coalition management by minority executives has been essential to guarantee governability in Brazil (Power, 2010). From 1988 to 2007, the share of seats of the president's party in the Chamber of Deputies was on average only 13 percent (Figueiredo, 2007). Because presidents have had to build and cultivate multi-party

cabinets and voting blocs, the identification of parties responsible for executive policies and actions became blurred (Figueiredo, 2007). Moreover, where governing coalitions were “oversized,” amassing more nominal actors than necessary to pass legislation, and “disconnected,” comprised of parties that were not ideologically adjacent to one another, the incentives for opposition parties to monitor and control corruption were ambiguous. Moreover, these kinds of coalitions coupled with undisciplined politicians were necessary for the passage of strategic legislation during Lula’s government, eventually ending with the scheme of side-payments revealed in the *Menselão* case.

5.4.4 Attachments to Parties

Where parties are attached to voters through personalistic and clientelist linkages, politicians can most easily rely on pork and personalistic attributes to avoid punishment for their misdoings while in office (O_4). Corrupt politicians have taken advantage of the image of “delegative” citizens that may find acceptable some degree of misappropriation of public resources as soon as their particular problems are addressed timely (Pereira et al., 2011b). Incumbents’ wide degree of discretion to counterbalance accusations of corruption is well-embodied in the slogan *rouba mas faz*.⁴ This Brazilian version of the trade-off hypothesis implies that the rejection towards corrupt incumbents is counterbalanced where elected authorities managed to deliver particularistic goods relevant for constituents, which loosened the programmatic and performance-reelection ties between elected authorities and constituents.

As we described before, Brazil’s decentralized parties and federalist system created incentives for candidates to be more concerned with local benefits than a national party platform and program (Pereira and Renno, 2003). For instance, deputies have used budgetary amendments in Congress to benefit their localities, and voters in turn have “back[ed] candidates based on pork potential” (Ames, 1995b, 430). Distribution of pork at specific “bailiwicks” constitute an effective

⁴ *Rouba mas faz* (he/she steals, but he/she gets things done) is a common expression among experts on Brazilian politics. It is inspired in the politics of Ademar de Barros, former governor of the state of São Paulo and candidate for the presidency and describes a pattern in which entrepreneurialism and corruption are deeply intertwined (Pereira and Melo, 2015). *Rouba mas faz* was used by Paulo Maluf as his campaign slogan as well.

strategy that politicians deploy to gain personal supporters and to ameliorate the negative impact of revelations of corruption and administrative misdoings (Pereira and Melo, 2015; Pereira and Renno, 2003; Samuels, 2003). Personalist and non-programmatic attachments to parties have served unscrupulous politicians to circumvent the reputational costs of corruption accusations, particularly where candidates have the autonomy and access to resources to spend in political campaigns and deliver public goods to localized constituents Jucá et al. (2016); Pereira and Melo (2015),

5.5 Corruption in the Highest Echelons: The Menselão and Lava Jato

5.5.1 The Cases

In the last decade, Brazil has been shocked by a series of political scandals that highlighted the pervasiveness of corruption among public authorities. The cases seriously damaged the reputation of the Brazilian political class, and challenged the ability of major parties and party elites to address large schemes of political misdeeds.

After winning the presidency in 2002, the PT could count with 411 municipal governments, including nine of the twenty-six capital cities (Hunter, 2010). Clean government became a hallmark in the PT administrations, but behind the participatory and policy experiments that made famous a number of the PT-led city halls, an elaborate scheme of party financing had been organized in collaboration with mayors and public servants. Members of the governing party coordinated a centralized fundraising network, where mayors were in charge of extracting kickbacks from small business seeking municipal contracts and concessions (e.g., garbage collection, transportation), and then distributed these resources to a secret slush fund or *caixa dois* (Hunter, 2007). The PT national treasure administered the funds to finance campaigns at the national level, including Lula's presidential races.

From early 2004 through May 2005, the *caixa dois* mechanism operated to fund a sophisticated scheme of illegal side-payments to obtain legislative support for government key initiatives. On June 2005, after revelations from a hidden videotape showing the bribe of the Chief of the Post Office, the deputy Roberto Jefferson from the Brazilian Labour Party (*Partido Trabalhista Brasileiro*, PTB) declared in a national newspaper the existence of illegal payments to win votes in Congress. An investigatory committee established that these monthly payments (*Menselão*) constituted a corrupt form of buying votes, and eighteen deputies were accused of corruption, most of them from the PT—including Lula’s former Chief of Staff José Dirceu.

Side-payments were related to the complex bargaining conditions that the Lula administration faced, and the inability of his government to build a favorable coalition and gather legislative support in the context of undisciplined parties and autonomous politicians in a fragmented congress (Pereira et al., 2011a). Because building a favorable base of support required concessions from centrist and right parties, Lula overrepresented those factions within the PT that were most amenable to forming alliances with right-wing and centrist parties, and then purchased outside support by providing pork, patronage, and payments to deputies from allied parties—among them, the PMDB, the PL, and the PTB.

The *Menselão* scandal reached the Planalto and pushed Lula’s popularity to a record low. With the case still under investigation and less than a month before the elections, in September 2006 two men were captured carrying with money for the acquisition of a dossier that would supposedly contain false accusations against the opposition PSDB candidate for the state of São Paulo, José Serra. In a hostile environment of mutual accusations, Lula managed to get reelected in the runoff with 60.8% of the vote, outnumbering the Geraldo Alckmin (PSDB) by more than twenty million votes. As we saw before, Lula was able to counterbalance voters’ concerns over corruption by appealing to the good state of the economy as well as the popularity of the government’s social policies. Lula’s flagship social program *Bolsa Família* improved the electoral performance of incumbent candidates (Zucco, 2013; Sugiyama and Hunter, 2013), and it was especially effective to appeal to the less well-off in the North and Northeast regions. As

these social groups saw their purchasing power and living conditions improved, they engaged enthusiastically in “pocketbook voting,” favoring the government for its economic and social achievements (Hunter and Power, 2007).

Lula had a number of his top officials involved in corruption scandals. Antonio Palocci, Minister of Finance, Jose Gushiken, Head of the Communication Department, Waldormiro Diniz, Chief Coordinator of Executive-Legislative Relations, Ricardo Berzioni, Lula’s campaign coordinator, and José Genoino, then President of the PT had been mentioned in cases of corruption (Renno, 2006). The fact that not only Lula but also Genoino and Palocci were reelected in their offices increased the sense of impunity within PT, a party that “ha[d] lost its reputation for clean government” (Goldfrank and Wampler, 2008, 266). In that way, in the awakening of the *Menselão*, Lula replaced Dirceu with Dilma Rousseff as his Chief of Staff. Rousseff was a newcomer in the administration and had not held important positions within the party, which allowed Lula to maneuver and distance himself from both Dirceu and the PT. Lula denied knowing about the side-payoffs and shifted blame to the party and opposition forces, maintaining the existence of a conspiracy to impeach him (Balán, 2014). In his second term, Lula pursued a more balanced approach in the composition of his cabinet. The emphasis on accountability, which had been a hallmark of the party platform, “appeared to fall by the wayside” (Praça and Taylor, 2014, 40), and the figure of Lula rose along with favorable macroeconomic conditions and the scope of the government social policies. The popularity that Lula enjoyed and the dominant position of his faction within the PT gave him enough room to endorse Rousseff as the party’s candidate. The decision symbolized the gulf between *Lulismo* and the PT, for Lula, “constitutionally barred from seeking a third term and unwilling to let the PT pick his successor, turned to his aide even though she had only been a PT member since 2001” (De Souza, 2011, 76).

Under Rousseff’s administration, the PT had to face yet another scandal of grand corruption. Operation Car Wash—Operação Lava Jato, for currency exchanges were used at auto-service stations—began as a money laundering investigation that soon derived into a massive scheme of political corruption. Starting around 2004, top executives in the state-owned oil company

Petrobras colluded with a cartel of construction firms to overcharge the oil company for infrastructure projects and service work. According to prosecutors, from 1 to 5 percent of the value of a given contract was diverted to those participating in the scheme, including a group of 50 politicians from six parties (Segal, 2015). Proceeds were siphoned off by officials of the PT and by other parties in the coalition for both personal enrichment and political uses. The investigation soon became the biggest corruption scandal in Latin American history, and the magnitude of the resources involved and its level of exposure were compared to the Mani Pulite investigations in Italy. Between April 2014 and December 2015, Operation Car Wash made 116 arrests and secured the conviction of 61 persons. Among those found guilty were some of Brazil's wealthiest business people (e.g., Marcelo Odebrecht) as well as some of its most prominent politicians and public-sector executives. Prosecutions spread throughout the political elite: João Vaccari, treasurer of the PT, was arrested, and Eduardo Cunha, leader from the PMDB and then President of the Chamber of Deputies, was expelled from Congress and found guilty of corruption, tax evasion, and money laundering. In the opposition, the former President of the PSDB, Senator Aécio Neves, was mentioned in one of the whistle-blowing agreements and put on trial. Lula himself became involved in a highly publicized case, where he was accused of having received bribes in the form of improvements in a penthouse. Lula was put in jail under charges of money laundering and passive corruption. In the meantime, Rousseff, who was not directly involved in the Lava Jato investigations, was subjected to a presidential impeachment after a protracted conflict with the legislature. Operation Car Wash is currently under investigation in Brazil and other countries in Latin America.

5.5.2 Obstacles for Accountability

In the light of these cases, why did the Brazilian party system and its main political parties seem ineffective in responding to schemes of high corruption? Moreover, why could not the Workers' Party, a party that emerged as a strong, grass-root organization with a recognizable

brand and a reputation for clean and participatory government, control illicit acts by some of its most prominent leaders? The obstacles to exerting control over politicians and disciplining illicit behaviors were evidenced by the *Menselão* and Lava Jato operations. Mechanisms of accountability were severely limited because of the lack of opportunities and incentives to hold politicians accountable in the dimensions analyzed before.

First, in the internal arena, strategic choices by the PT elite and the dominant position of the *Campo Majoritário* faction allowed Lula to impose strict discipline within the party's rank, while at the same time his administration could resort to unabashed distribution of pork and patronage to secure support among allies in Congress (Goldfrank and Wampler, 2008). After the resounding defeat of Lula against Cardoso, the centrist factions within the PT sought to moderate the party's platform and soften its public image (Hunter, 2010). Lula and his faction curbed the influence of more left-wing groups and set an agreement in the party congress of 1999 to liberate the candidate to arrange the electoral alliances deemed convenient to be successful. What emerged from these agreements was virtually "a party within the party" (Flynn, 2005, 1254). In that way, and even for a party traditionally known by mechanisms of intra-party democracy that allowed rank-and-file members to influence their fellow party members (Samuels, 2004), controlling the actions of the party elite became unfeasible. Once the party reached the executive, the dominant position of Lula's faction put the PT in his hands and that of Dirceu and their São Paulo allies (Melo, 2016). In the political arena, the increasing necessity of coalition building precluded the responsiveness of politicians of allied parties, particularly when the PT engaged in alliances with ideologically distant partners. Mutual accusations of corruption between coalition partners was an important component in the *Menselão* case, and they were reproduced later in the Lava Jato scandal. In fact, corruption accusations between coalition partners led to a tortuous and protracted conflict between Rousseff and Cunha, who had an important role in the presidential impeachment before he was convicted by the Supreme Court for bribetaking.

A second factor referred to the gradual personalization and political realignment in the Workers' Party. The electoral-turn in the PT derived into an increasing personalization of the party

brand. Because winning presidential office for the party involved broadening the support to include demographic groups that had systematically leaned toward more conservative options, the PT broke with “the party’s historical aspiration to *lead* rather than to the *follow* of the masses” (Hunter, 2010, 38). In his campaigns, Lula adopted political marketing strategies and hired professional consultants and publicists to track public opinions and adjust party actions accordingly. Once in office, his exceptional charisma and a generous government social spending helped build a new electorate among the poor, eventually giving rise to a *Lulismo* that resembled a “cult of personality focused on the ex-president rather than his party” Melo (2016, 76). With a base of support social, geographic and economically distinct from the traditional *petistas* (Samuels and Zucco, 2014), Lula and his allies benefited from a privileged position within the party, insulating them from their party ranks. And while revelations of political corruption shifted patterns of partisan attachments, they did it for highly educated voters (Winters and Weitz-Shapiro, 2014), who were more prone to develop programmatic connections with the PT. In that way, as a great share of PT supporters alternated between *petismo* and independence because of the reputational costs of corruption, the electoral impact on Lula was to some extent counterbalanced by the attraction of a new pool of young and poor voters following Lula’s personalistic and clientelist appeals. This electorate would later be personally endorsed by Lula to Rousseff, thus consolidating his position vis-à-vis the PT.

Finally, the last corruption scandals have put in evidence the extent to which politicians and the main parties structuring the Brazilian party system relied on corrupt deals. This fact was well-exemplified in the *caixa dois* mechanism. Political campaigns had become a growth industry in Brazil since democratization (Samuels, 2001), and had had a central place in the corruption network orchestrated by the Collor/Farias scheme (Fleischer, 1996). Once the PT rose as a viable alternative, it adapted some of these practices and even centralized transactions in a party-directed operation (Gingerich, 2013). In 2002, Lula outspent all other candidates, including Serra from the PSDB, with monies at least in part provided through the *caixa dois* network (Melo, 2016). A similar logic underlaid many of the cases uncovered during the last

PT administrations, particularly the *Mensalão* and *Lava Jato* scandals. These corrupt schemes involved a massive number of authorities and politicians from throughout the political spectrum in hierarchically organized illicit operations that contributed to personal enrichment and the funding of campaigns and political activities for all the main parties. Under these circumstances, accountability for corruption increasingly derived in a game of mutual accusations, as it occurred during the impeachment procedures of Rousseff (Melo, 2016), thus further increasing political cynicism towards corruption among Brazilians (Pavão, 2015).

5.6 Discussion

The weak institutionalization of the post-authoritarian party system in Brazil, “hydroponic” parties with limited organizational endowments, weak roots in social grounds and catch-all profiles, and the country’s complicated constitutional and electoral arrangements have given rise to formidable obstacles to the effective functioning of accountability for corruption. From the parties’ point of view, politicians have enjoyed a great deal of autonomy from their parties, which has been magnified by an individualistic electoral system (OLPR) with exceptionally high district magnitudes. Weak, catch-all organizations have interacted with Brazil’s strong federalism to encourage political careers outside of the national government. Successful politicians have been able to build “bailiwicks” in localized areas, cultivating strong personalities and clientelist linkages with their constituents. In this way, career-seeking politicians in the national legislature have had few incentives in seeking reelection, thus breaking the link between performance in office and electoral success. On top of that, high party-switching, though currently regulated, characterized the behavior of legislators with little attachment to their parties. The development of individual reputations decreased the value of party brands and made the electoral fortune of politicians less entangled to the destiny of their parties. Political cynicism towards corruption and illicit schemes that have involved a large spectrum of the political class diminished the incentives for controlling unscrupulous incumbents, creating collective action problems and uncertain

benefits to address the issue.

The inchoate institutionalization of the Brazilian party system also hindered strong forms of electoral punishment. Although the gradual stabilization in the patterns of national competition provided a context that enhanced the clarity of responsibility at the executive level, the limited capacity of the Brazilian party system to develop solid programmatic platforms and linkages gave politicians opportunities and incentives to distribute pork and develop clientelist appeals as strategies to counterbalance the reputational costs of corruption—thus lessening the relevance of this issue in voters’ retrospective evaluations.

In the light of the last corruption scandals, observers of Brazilian politics contended that institutions in Brazil’s network of accountability have demonstrated their strength and independence, particularly the judiciary and the mass media (Melo, 2016; Praça and Taylor, 2014; Power and Taylor, 2011). However, the party system and the main political parties were for the most part not up to the challenge. In the case of a party that had cultivated a strong brand and reputation, the Workers’ Party faced important collective costs for involvement in corruption, experiencing the electoral punishment by their traditional supporters and internal defections. However, the party’s historical leader and his allies were able to mobilize new voters through an increasing use of clientelist and personalistic appeals, developing a type of *Lulismo* that helped them to dilute some of the costs for involvement in corruption and shift blame for misdoings in office. Notwithstanding some improvements at the national level, the accountability of political parties in Brazil has been erratic, and the prospects of institutionalization of a responsive and adaptable party system remain uncertain.

Chapter 6: Challenges of Accountability in a Stable Party System: The Case of Chile

6.1 Overview

The Chilean party system and its parties have played a fundamental role in the country's long history of competitive politics. Political parties have structured the competence of and access to power, being the "backbone" of the Chilean political process for most of its modern history (Garretón, 1989). The democratic and institutional crisis of 1973 not only involved the persecution of opposition parties and the suppression of oversight state institutions, but it also installed a military government that concentrated political power in a way that would give rise to new forms of illegal enrichment and political malfeasance (Orellana, 2007). With the return to democratic politics, intra-state checks and balances were reestablished, the Congress re-opened, and the interaction of two consolidated multi-party coalitions in a context of democratic and economic stability contributed to an overall perception of transparency and probity in government. Chile outperformed most of its new democratizing neighbors in international rankings and corruption perception indexes. After a decade of democratic life and two administrations almost free of corruption scandals, revelations of political misdeeds appeared in both the center-left and center-right coalitions. The main political parties responded to accusations by punishing responsible politicians and encouraging policy reform in a way that avoided situations of acute political conflict and crisis that have been common in other experiences in the region (e.g., presidential impeachments and party system decay or collapse).

This chapter reviews qualitative and quantitative evidence of the mechanisms of political accountability in a country that highly benefited from the early institutionalization of a stable party system. The Chilean case suggests that institutionalized stability in a context of parties

and coalitions with distinguishable platforms and stances facilitated the responsiveness of parties and politicians in the face of accusations of political misdeeds. Partisan and institutional arrangements provided party elites with means and incentives to discipline politicians who threatened to damage the party's reputation. The presence of viable contenders in a competitive environment discounted the benefits that politicians could obtain from corruption. Although in recent times established parties have lost some of their capacity to mobilize their electorate through programmatic and policy commitments, personalistic parties and clientelist machines were largely absent at the national level.

As in the Brazilian case, the analysis first traces the evolution of the Chilean party system and its political parties. The second section overviews salient cases of political corruption in the democratic period, and then examines the specific mechanisms through which parties and party elites could hold dishonest politicians to account. It finishes with a discussion of two recent cases that posed new challenges for the responsiveness of parties and political authorities in the face of scandals of irregular campaign funding.

6.2 Parties and Party Systems in the Post-Authoritarian Chile

The conventional wisdom concerning the Chilean party systems and their political parties has compared their degrees of stability, ideological coherence, and programmatic structuration to those observed in Europe. Sartori (1976, 144) notoriously portrayed Chile's pre-authoritarian party system as "the most highly structured" in Latin America, and compared it to that of the Third and Fourth French Republics. In their influential work on party systems in Latin America, Mainwaring and Scully (1995b) situated Chile among the most institutionalized party systems in the region. A decade later, Jones (2010) ranked the Chilean party system with the highest levels of electoral stability, though with a low score relative to the roots of its parties in society. In an updated comparative account of PSI in the region, Mainwaring (2018a) considered Chile a case of persistent institutionalization, although it experience a decline in party identification. In

this section, I trace the institutionalization of the post-authoritarian party system in Chile and underline its elements of continuity and change and its contributions in bringing intelligibility and responsiveness to the political and electoral process.

6.2.1 Pre-Authoritarian Party Systems

The Chilean party system has been regarded as unique in its degrees of continuity and stability among the Latin American countries. Until the military coup d'état of September 1973, it was often considered that Chile had a well-established multi-party system that resembled those in many European countries, despite differences in the timing and sequence of the incorporation and mobilization of new social groups (Coppedge, 1998; Collier and Collier, 1991; Dix, 1989). Instead of breaking with the established political order by means of revolutions or military interventions, in Chile new political parties that emerged with the expansion of participation and mobilization were “added” to the previous party system (Dix, 1989). Social groups were incorporated into the sociopolitical life through accommodative strategies, contributing to the overall stability of the political system (Garretón, 1989). The early formation of embryonic elite-based parties encouraged elites to invest in party organizations and to recruit loyal bases of support, which facilitated the recruitment of candidates and the coordination of the work of the Congress through established parties (Coppedge, 1998).

Three social cleavages overlapped in the evolution of the Chilean party system: the religious clerical-anticlerical divide in the nineteenth century, the class struggle in the urban sector in the early twentieth century, and the class conflict in the rural areas in the mid-nineteenth (Scully, 1995, 1992). Beginning in the mid-1850s, opposition to the Church generated three tendencies along the clerical-anticlerical dispute, with the Conservatives and the Radicals in each pole and the Liberals providing a crucial middle-ground for compromise. From the 1890s and until the 1930s a new conflict based on class displaced the clerical-anticlerical dispute. The legal and bureaucratic apparatus of the state was deployed to control and depoliticize the labor movement

(Collier and Collier, 1991), which eventually led to the repoliticization of the working class and the formation of the *Partido Obrero Socialista* (current Communist Party, *Partido Comunista de Chile*, PC) in 1912 and the Socialist Party (*Partido Socialista de Chile*, PS) in 1933. The existence of viable parties from the left made possible the reestablishment of a competitive tripartite party system (Scully, 1995, 1992). This equilibrium was altered again when the class-conflict reached the countryside, and a new church-inspired center party, the Christian Democratic party (*Partido Demócrata Cristiano*, PDC), sought to penetrate the rightist electoral strongholds in the rural areas.

The programmatic stances assumed by the Christian Democrats and the formation of a Popular Action Front (FRAP) by the working-class parties polarized an already competitive multi-party system (Valenzuela, 1978). Centrifugal patterns of competition along with the minority status of the Socialist government of Salvador Allende (1970-1973) preceded the breakdown of Chilean democracy. With the rise of an ideological center party, the parliament stopped providing a viable arena for accommodation and compromise between distinctive political forces. The military coup led by General Augusto Pinochet, with the complicity of the Nixon administration, completely overhauled the political and party system (Valenzuela et al., 2018). The parliament was closed, opposition parties were outlawed, and a new constitution was enacted in 1980. The Congress was emasculated of its historical role as an institutional arena for political negotiation and interest intermediation (Scully, 1995), and in its place, the military established a dominant executive branch within the legal framework for a limited democracy (Siavelis, 1997b).

6.2.2 Democratization: Changes and Continuities

The return to democracy represented a fundamental challenge for the political forces that had characterized the pre-authoritarian party system. Opposition parties, particularly the Communists and Socialists, had been persecuted and beheaded. Parties of the left could not rely on their traditional bases of support and mobilization, for the country's productive and occupa-

tional structure had been transformed and unions severely repressed (Roberts, 1995; Huneeus, 1984). The government had expected that traditional parties would be replaced by new leaderships and brands (Tironi and Agüero, 1999). However, in 1987 opposition forces coalesced into the “Concertation of Parties for the NO” (*Concertación de Partidos por el NO*, later the Concertación coalition), an electoral alliance between Christian Democrats and Socialists plus several parties and organizations against the military regime. Parties in the Concertación won the plebiscite of October 1988, and the next year they put together a common program for a multiparty coalition government, backing a single candidate for the presidential elections.

An important debate among experts on Chilean politics concerned the continuities and changes in the emergent post-authoritarian party system Alemán and Saiegh (2007). Some authors hold that the democratic party system had essentially preserved the three historical ideological tendencies (*tres tercios*) that were the product of nearly twelve decades of almost uninterrupted political competition (Scully, 1992). In this view, a long history of competition for office rooted in defined social cleavages created political memories and identities that remained stable notwithstanding radical socioeconomic transformations during the authoritarian regime (Valenzuela and Scully, 1997). Continuities are observed in the identities of the major parties and in their electoral support. Contrary to the aims of the military government, the binomial electoral system did not end with Chile’s complex multi-party system, nor with the enduring need for party coalitions (Siavelis, 2002b). With the exception of new party labels on the right and the creation of the Party for Democracy (*Partido por la Democracia*, PPD), traditional parties remained important. Moreover, the electoral alignment for parties of the right, center, and left exhibited considerable similarities both before and after the military government (Table 6.1).

Continuities are also identified at contests for municipal councils, where the proportional representation system used before and after the authoritarian government remained roughly the same. Valenzuela et al. (2018) showed that the electoral performance of major parties of the right, center, and left was consistent with the *tres tercios* description of the historical Chilean politics (Table 6.2). The continuity of tendencies is striking considering important changes in

Table 6.1: Vote Share for Parties of the Right, Centre and Left Tendencies in Lower House Elections in Chile, 1937–2013

Year	Right ^a	Centre ^b	Left ^c	Other
1937	42.0	28.1	15.4	14.5
1941	31.2	32.1	33.9	2.8
1945	43.7	27.9	23.1	5.3
1949	42.0	46.7	9.4	1.9
1953	25.3	43.0	14.2	17.5
1957	33.0	44.3	10.7	12.0
1961	30.4	43.7	22.1	3.8
1965	12.5	55.6	22.7	9.2
1969	20.0	42.8	28.1	9.1
1973	21.3	32.8	34.9	11.0
1989	34.1	33.1	24.3	8.5
1993	33.5	30.9	31.6	4.1
1997	36.3	26.1	34.1	3.6
2001	44.3	25.2	29.1	1.4
2005	38.7	26.3	32.9	2.1
2009	43.2	18.0	31.3	7.6
2013	36.3	21.3	34.6	7.9
Mean	33.4	34.0	25.4	7.2
1937–1973	30.1	39.7	21.5	8.7
1989–2013	38.1	25.8	31.1	5.0

Source: Siavelis (2002b, 93) until 1997, supplemented with data from Mainwaring’s electoral volatility dataset for subsequent years t.

Notes: ^aRight: Conservative, Liberal, National after 1965. After 1989, RN, UDI, Independents on Lists of the Right. ^bCenter: Radical, Falangist, Christian Democrats, Agrarian, Laborist. After 1973, Radicals, PDC, Social Democrats, Center Alliance Party. ^cLeft: Socialist, Communist. After 1973, PPD, PS, Almeyda PS, National Democratic Party, Christian Left, Humanist, Greens, Independents Lists of the Left, PRO.

the composition of the electorate (e.g., women’s enfranchisement in 1949, implementation of mandatory voting in 1962, and the reduction of the voting age and the enfranchisement of illiterates in the 1970s), and it supports the notion of a stable political alignment among Chileans.

Other authors have emphasized the discontinuities in the democratic party system. It is claimed that a new generative cleavage, the opposition between authoritarianism and democracy, has been superimposed on the historical class and religion conflicts, thus reorganizing the dynamics of political competition in the post-authoritarian era (Torcal and Mainwaring, 2003; Tironi and Agüero, 1999). The “prodemocratic” forces that pitted their wits against the “proauthoritarian” ones in the plebiscite of 1988 constituted a stable coalition that endured over time.

Table 6.2: Vote Share for Major Parties of the Right, Centre and Left Tendencies in Municipal Council Elections in Chile, 1992–2016

Parties	1992	1996	2000	2004	2008	2012	2016	Mean
Right ^a :	29.6	31.3	31.5	33.9	31.2	32.8	33.8	32.0
UDI	13.2	12.8	16.0	18.8	15.1	17.1	16.1	15.6
RN	16.4	18.5	15.5	15.1	16.1	15.7	17.7	16.4
Center ^b :	33.8	32.5	26.8	24.9	19.2	20.8	20.2	25.5
PDC	28.9	26.0	21.6	20.3	14.0	15.1	12.8	19.8
PRSD	4.9	6.5	5.2	4.6	5.2	5.7	7.4	5.7
Left ^c :	24.3	27.5	25.9	25.8	24.7	28.5	24.9	25.9
PPD	9.2	11.7	11.4	10.0	8.5	9.9	8.8	9.9
PS	8.5	10.7	11.3	10.9	11.2	12.2	10.7	10.8
PC	6.6	5.1	3.2	4.9	5.0	6.4	5.4	5.2
Major party vote	87.7	91.3	84.2	84.6	75.1	82.1	78.9	83.4

Source: Adapted from Valenzuela et al. (2018, 138).

Notes: ^aRight: UDI, RN, and Independents on Lists of the Right. ^bCenter: PDC, and PRSD. ^cLeft: PPD, PS, PC, and Independents Lists of the Left.

As the Chilean society remained polarized about the military government and the coalition-inducing effects of the binomial system operated throughout the democratic transition, the new alignment became institutionalized. Although still being a multi-party system, the effective number of electoral lists in the Chamber of Deputies reduced from an average of 6.8 lists between 1925–1973 to 2.4 since the return to democracy (Carey, 2002), thus reflecting the action of a proauthoritarian and a prodemocratic cleavage.

A second discontinuity referred to the degree of ideological polarization in the political system. The democratic party system resembled a moderate or “de-polarized” pluralism, where parties at the extremes were ideologically close, and competition pointed to the median voter (Tironi and Agüero, 1999). Moderation in the country’s factious party system characterized the competition between the center-left and the center-right coalitions (Siavelis, 2002b). Ideological moderation was reinforced by networks created under the authoritarian regime within the political and technocratic elite as well as the manifested technocratic orientation of the first Concertación administrations (Joignant, 2011; Silva, 1991).

6.2.3 Institutionalization in the Democratic Party System

The Chilean case stands out in the region as an institutionalized and stable party system in terms of the structuring of the political and electoral process, the discipline of well-defined parties, and the distribution of preferences among stable coalitions. As we saw, the identity of the main political actors has remained remarkably stable during the democratic transition both at the coalition and party levels. The parties that coalesced into the center-left Concertación were substantially the same that organized political competition in the pre-1973 period—the exception being the PPD, an instrumental catch-all party created under the restrictive party law of 1987. On the right, two new party labels emerged to succeed the union between Liberals and Conservatives in the National Party: a liberal secular party in the case of National Renewal (*Renovación Nacional*, RN), and a traditionally conservative party in the case of the Independent Democratic Union (*Unión Demócrata Independiente*, UDI) (Scully, 1995).

Since the plebiscite of 1989, two Christian Democrats, two Socialists, and one center-right candidate from the RN occupied the presidential office. The center-left and center-right coalitions accounted for an average of 84% of the 1st round votes in the presidential elections from 1989 to 2013 (Table 6.3), more than ten percentage points above what the PT and the PSDB obtained in the Brazilian presidential elections (1989–2014). Chile also had the lowest vote share of new parties in presidential elections among eighteen Latin American countries analyzed by Mainwaring (2018a).

From 1993 to 2013, seven traditional parties accounted on average for 87% of voting preferences in lower chamber elections (Table 6.4). After Nicaragua, Chile had the lowest average vote share of new parties in legislative elections in Latin America (1.6%) (Mainwaring, 2018a). Although the stability in the membership of the party system could in part be affected by the high barriers to entry that the binomial rule imposed, this phenomenon was also observable at the municipal level, where elections were ruled by a proportional representation system with high district magnitude. In fact, in municipal council elections, the main parties in the system reached on average 83% of the votes during the entire period (Table 6.2), thus reflecting the stability of

Table 6.3: Presidential Election Results in Chile, 1989–2013

Coalitions	1989	1993	1999	2005 ^a	2009	2013
Concertación	55.2	58.0	48.0	46.0	29.6	46.7
Alianza ^b	29.4	24.4	47.5	48.6	44.1	25.0
Others	15.4	17.6	4.5	5.4	26.3	28.3
ENPC ^c	2.4	2.5	2.2	3.0	3.1	3.3
Volatility ^d	-	27.4	27.1	4.2	26.3	34.4

Source: Data from TRICEL, Servicio Electoral Chile.

Notes: Results are % of 1st round valid votes. ^aIn the 2005 presidential elections the center-right coalition presented two candidates, Sebastián Piñera (RN) and Joaquín Lavín (UDI), who obtained 25.4 and 23.2 percent of the votes respectively. We treat the sum of the vote share by both candidates as the coalition total. ^bThe center-right pact has run as Democracia y Progreso, Unión por el Progreso, Unión por Chile, Alianza por Chile, and Coalición por el Cambio. ^cEffective number of presidential candidates. ^dMean total electoral volatility by coalitions.

voting support regardless of the restrictions of the binomial rule.

Table 6.4: Lower Chamber Election Results in Chile, 1989–2013

	1989	1993	1997	2001	2005	2009	2013
Main Coalitions:							
Alianza ^a	34.2	36.7	36.3	44.3	38.7	43.5	36.2
Concertación ^b	51.5	55.4	50.5	47.9	51.8	44.4	47.7
Others	14.3	7.9	13.2	7.8	9.5	12.2	16.1
ENCv ^c	2.6	2.2	2.5	2.3	2.4	2.6	2.7
Volatility coalitions	-	14.3	5.4	9.5	6.9	10.7	13.8
Main Parties:							
UDI	9.8	12.1	14.5	25.2	22.4	23.1	19.0
RN	18.3	16.3	16.8	13.8	14.1	17.8	14.9
PDC	26.0	27.1	23.0	18.9	20.8	14.2	15.5
PRSD	3.9	3.0	3.1	4.1	3.5	3.8	3.6
PPD	11.5	11.8	12.6	12.7	15.4	12.7	11.0
PS	0.2	11.9	11.1	10.0	10.1	9.9	11.1
PC		5.0	6.9	5.2	5.1	2.0	4.1
Others	30.4	12.7	12.2	10.1	8.6	16.5	20.8
ENPV ^d	7.2	6.7	7.2	6.6	6.6	7.3	8.7
Volatility parties	-	25.7	9.4	14.7	7.0	16.2	17.8
Share new parties	-	3.2	0.2	0.0	0.7	0.7	4.9

Source: Data from Mainwaring electoral volatility dataset and SERVEL. Party year of birth from Piñeiro and Rosenblatt (2018).

Notes: ^aThe center-right pact has run as Democracia y Progreso, Unión por el Progreso, Unión por Chile, Alianza por Chile, and Coalición por el Cambio. ^bConcertación united with the *Juntos Podemos* coalition in the 2009 elections. In 2013, it formed the New Majority (*Nueva Mayoría*) with the PC and other parties from the left. ^cEffective number of coalitions by votes. ^dEffective number of parties by votes.

The party system was also institutionalized from the point of view of the stability in aggregate voting patterns. Taking electoral coalitions as the unit of analysis, the mean electoral volatility in presidential elections from 1989 to 2013 was 23.9%, and it was mostly stable during the period. The vote shares for the Concertación and Alianza pacts were quite stable in lower chamber elections as well. The difference in the share of votes in the center-left coalition between the first post-authoritarian parliamentary election of 1989 and the one that took place twenty-four years later was 0.3 percentage points, and the difference was 5.8 percentage points for the center-right coalition—a remarkable sign of consistency through time. Considering parties as the unit of comparison, the average volatility in lower chamber elections (15.1%) situates Chile among the lowest in the region along with Uruguay, El Salvador, and Honduras. Likewise, according to the Mainwaring (2018a) analysis, Chile had the lowest cumulative change in its party system during the post-Pinochet period.

6.2.4 Institutionalized but Uprooted Parties

The distinctiveness of the Chilean party system goes in line with the preponderant role that parties have had in structuring the political and policy process (Garretón, 1989). Interlocked with a broad range of base-level social organizations, political parties constituted the dominant mechanism of political representation and interest aggregation, very often overshadowing unions, social movements, and other forms of civil society organizations (Montes et al., 2000). Major parties not only framed the supply of options at elections but also penetrated relevant private and secondary associations (Luna and Rosenblatt, 2017). Party organizations in the pre-authoritarian period were the cornerstone of a “brokerage” system: they provided channels for the aggregation of demands at the local level and facilitated the vertical integration between officials at municipalities and authorities and public servants at the national government (Valenzuela, 1977). Local officials “acted as brokers between individuals, or the community as a whole, and the vast, seemingly impersonal, bureaucracy” in Santiago (Valenzuela, 1977, 155). The second key brokers

in the network were congressmen, who generated projects or interceded on behalf of particular clients before bureaucrats. In this scheme, political parties had a critical role in coordinating and providing the necessary center-local linkages between municipal officials and their national brokers. Party loyalties that were maintained through particularistic transactions at the local arena coexisted with the politics of ideology and program at the central one (Valenzuela, 1978). Party structures, which permeated all levels of society, represented the crucial linkage mechanism binding organizations, institutions, groups, and individuals to the political center.

Although the political parties that (re)emerged in the post-dictatorship era showed striking similarities with the antecedent party system, particularly in comparison with the Brazilian case and other Latin American experiences, there were important changes as well. Parties had to adapt to a radically new structural, institutional, and socioeconomic environment as well as to the long-lasting legacies of the authoritarian government and the idiosyncrasies of the Chilean transition (Montes et al., 2000; Tironi and Agüero, 1999; Agüero et al., 1998). These processes redefined the role of the state in society and the dynamics of competition in the party system, thus altering the political brokerage in place until 1973. The diminished role of the state and the preponderance of market mechanisms severely cut the sources for transferences (Luna and Rosenblatt, 2017). Party representatives in Congress could no longer broker favors from the executive (Angell, 2003), and their abilities to provide “pork” and to influence policy were severely reduced (Johnson, 2011). Parties lost support from affiliated organizations in civil society (Angell, 2003), and gradually detached from the intermediary zone of organizational networks and mass media (Agüero et al., 1998). In terms of their ideological stances, the main parties, particularly those coalesced in the Concertación bloc, went through a process of political moderation and convergence toward the center (Agüero et al., 1998; Munck and Bosworth, 1998; Valenzuela and Scully, 1997). This involved the de-radicalization of the parties of the left, particularly of the Socialist Party (Roberts, 1995). The Concertación governments did not destabilize the inherited social order, and instead privileged the continuity in the economic policies imposed by the authoritarian regime, all of which made possible the establishment of negotiated agreements (Agüero et al., 1998).

Despite these trends, the Chilean parties exhibited important levels of stability in their ideological positioning, and the party system preserved some degrees of programmatic party structuration. Based on elite parliamentary surveys, Kitschelt et al. (2010a) showed that the issue space of legislative preferences in Chile could be clearly reduced to two partisan dimensions: one that distinguished market-oriented, pro-authoritarian parties on the right and state-oriented, pro-democratic parties on the left; and the other that discriminated between pro-church and secular parties. The religious and the economic-distributive divide was well-reflected in the ideological and partisan scores of the members of the legislature; Chile ranks the highest in terms of programmatic structuration among the twelve Latin American democracies analyzed. Parliamentary elite surveys also indicated that notwithstanding ideological moderation and a movement toward the center, there was a substantive meaningful variation in the left-right labels across parties. Chile, along with Mexico and Uruguay, had the highest levels of structuration along the left-right continuum (Zechmeister, 2010a). The left and right labels could be considered important heuristic that citizens and politicians used to discriminate and distinguish among parties and their candidates, which increased the intelligibility of political alternatives for office. In fact, the way in which members of the congress placed parties among the right-left continuum was highly consistent across several legislatures (Table 6.5), and the mean party placements corresponded nearly exactly with common understandings of the positioning of the core parties in Chilean politics (Zechmeister, 2010a). The high correlation between self- and party-placement and its maintenance in time provides evidence of the ideological cohesion of partisan elites, who could “use left-right labels to signal simultaneously their party affiliation and their party’s programmatic stances on this abstract dimension of competition” (Zechmeister, 2010a, 98).

In the pre-authoritarian system, party organizations were relatively strong in their ability to penetrate civil society and aggregate the interests of secondary and private associations. Important social groups were regularly incorporated by parties, including the capitalist classes represented by the right, religious interests represented by the Christian Democrats and some leaderships in the right, the traditional middle class within the centrist parties (Radical Party),

Table 6.5: Mean Left-Right Party and Self-Placements in the Chilean Legislature, 1993–2010

	1993–1997		1997–2001		2002–2006		2006–2010		2010–2014	
	Self	Party	Self	Party	Self	Party	Self	Party	Self	Party
PS	3.23	3.00	2.50	2.50	2.56	2.56	2.73	2.73	2.38	2.50
PPD	3.60	4.36	4.09	4.00	3.77	3.85	3.31	4.13	3.31	4.23
PRSD	-	-	-	-	4.20	4.20	4.00	4.00	3.75	3.75
PDC	4.52	4.39	4.52	4.83	5.06	5.28	4.63	5.31	4.38	4.38
RN	6.59	6.36	6.71	6.76	6.88	6.80	6.36	6.36	6.77	6.85
UDI	6.55	6.92	7.94	8.18	7.00	7.08	7.13	7.04	6.92	7.42
<i>Corr</i> ^a		<i>0.86</i>		<i>0.85</i>		<i>0.88</i>		<i>0.82</i>		<i>0.85</i>

Source: Data from five waves of the Parliamentary Elites in Latin America Project (PELA, University of Salamanca) (Alcántara Sáez, 1994).

Notes: Values are the mean of the left-right party and self-placements for the main parties, in a 10-point scale where 1 is left and 10 is right. ^aCorrelation coefficients are based on individual-level data for each legislator's self- and party placements.

the labor and urban popular sectors represented by Socialists and Communists, and the rural peasants interpreted by Christian Democrats (Morgan and Meléndez, 2016). In the post-authoritarian context, however, parties experienced changes in their organizational development, with differences in their degrees of organizational endowments, attachments to constituents, and “vibrancy” (Rosenblatt, 2018; Luna and Rosenblatt, 2017). Both at the left and at the right, the PS and the UDI still have mass organizations that are territorially active and relatively well-connected with the national party leadership. The RN and the PPD, conversely, have been more prone to the influence of individual leaderships. The PPD is exceptional for being an electorally relevant but organizationally weak party with strong leadership; for example, President Ricardo Lagos (2000–2006) had double membership in the PPD and the PS. The PDC and the PS share a long history and trajectory with a clear ideological profile and an epic past; however, both parties have lost some of their ability to maintain a mobilized membership. The Christian Democrats, who had been one of the pillars of the Concertación coalition during the 1990s (Luna, 2014a), holding the executive office in two consecutive times with presidents Aylwin (1990–1994) and Frei Ruiz-Tagle (1994–2000), and being the party with the largest contingent in the Chamber of Deputies until 2001, has recently experienced obstacles in the renovation of leaderships and the management of internal disputes.

6.3 Corruption in Chile

From a comparative viewpoint, systematic studies on political corruption in Chile are scant. Being characterized for most of its republican history as a country with a relatively efficient and honest public administration (Silva, 2016; Orellana, 2004), corruption scandals, networks of clientelism and patronage have drawn less attention among scholars than in the neighbor countries of Brazil, Argentina and Peru (exceptions are Silva, 2016; Calvo and Murillo, 2013; Gingerich, 2013; Balán, 2011; Brinegar, 2009; Orellana, 2007, 2004; Rehren, 1996). Part of the reasons are related to the political and macroeconomic stability that Chile attained during its democratic transition as well as a public culture in which corruption was highly penalized—particularly if it stemmed from illicit personal enrichment. The low perception of corruption is also attributed to the existence of a comparatively efficient and professionalized bureaucracy and the effectiveness of Chile’s Comptroller General (*Contraloría General de la República*), an autonomous watchdog body for controlling the legal aspects of state operations and the duties of the civil service.

Political corruption in the democratic Chile was “opaque” (Orellana, 2007, 2004). Because of the early development of a centralized state and a competitive, though oligarchic, political order, the country was perceived as exceptional in the region in terms of the probity of its state institutions. Until the political and institutional crisis of 1973, grand corruption in the form of the state capture was absent (Silva, 2016; Orellana, 2004; Pollack and Matear, 1996), and distributive politics were remitted to particularistic exchanges at the local level, mostly in rural municipalities. With the military dictatorship, corrupt practices changed their reach. The concentration of political power in the executive branch, the dismantlement of internal checks and balances and the closure of the Congress gave rise to broad opportunities for the misuse of public office by military elites and their allies (Siavelis, 2000; Pollack and Matear, 1996). General Augusto Pinochet himself was found to have siphoned out at least US\$17.9 millions to baking accounts in the Riggs Bank in the United States, putting end to a long-time norm by which Chilean presidents were known for their honesty in dealing with public office (Figure 6.6). When the government started a plan of privatization of state enterprises and services, the constraints

on mass media and the systematic oppression of organized opposition groups contributed to the creation of “opaque” forms of secret influence peddling in the selling of public firms (Orellana, 2007).

Table 6.6: Selection of Corruption Scandals in Chile

1980s	• Riggs accounts: In 2004, by instance of an investigation of the US Senate to the Riggs Bank, it was revealed that Pinochet had maintained secret banking accounts in the Riggs Bank, and that at least US\$18 millions came from illegal sources.
1989	• La Cutufa: The assassination of a gastronomic entrepreneur unmasked an illegal financing firm dedicated to money racketing and linked to high-ranking members of the military.
1994	• CODELCO: Dávila, a copper seller in future markets for the state mining company CODELCO, was convicted for fraud after operations that generated losses for US\$200 million.
2002	• Sobresueldos: The payment of a bribe to an official of the Ministry of Public Transport, Patricio Tombolini (PRSD), to get a license in the city of Rancagua revealed a scheme of over-payments to high-ranking public officials that involved deputies of the governing Concertación coalition. Deputies Víctor Manuel Rebolledo (PPD), Cristián Pareto (PDC) and Jaime Jiménez (PDC) lost their positions in Congress and were convicted for bribery.
2002	• MOP-Gate: A company was accused of illicitly obtaining licenses from the MOP. The bribes were used to fund the over-payment of politically connected officials, public servants and political campaigns. After being accused, the Minister Carlos Cruz Lorenzen (PS) resigned, and was later found guilty of fraud.
2003	• Inverlink: The secretary of the Chilean Central Bank was found to have shared confidential insider information to the Inverlink financial group. Inverlink had also bribed an employee in the state economic-development agency CORFO to cover the withdrawals.
2005	• Chiledportes: The General Comptroller audited the National Institute of Sports and found irregularities in the funding of projects. The resources were allegedly used in political activities for allied parties. The Metropolitan Director of Chiledportes, Juan Michel Salazar (PDC), was found guilty of fraud.
2006	• Publicam: Senator Guido Girardi (PPD) was accused of having presented false invoices of fictitious companies during his campaign to divert public funds. Girardi's campaign treasurer Ricardo Fariás was found guilty of fraud.

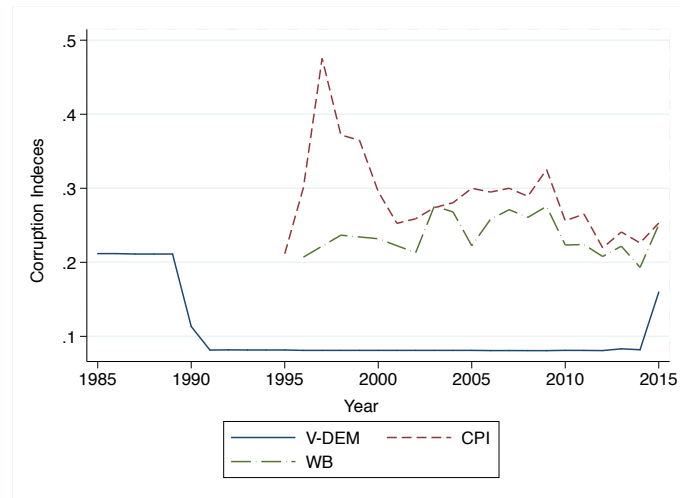
2007	•	EFE: The General Comptroller found irregularities in investments made by the state railway company (EFE), which involved the president of the company Luis Ajenjo (PDC), who was found guilty of fraud.
2013	•	CORPESCA: In process, the industrial fishing company Corpesca was involved in a case of influence peddling and vote-buying during the discussion of the fishing law. Deputy Jaime Orpis (UDI) was found guilty of tax evasion and bribe-taking.
2014	•	PENTA: The Penta financial group was accused of fraud to the National Treasury for having facilitated “ideologically false” invoices to fund political campaigns of several politicians, most of them linked to the UDI.
2014	•	CAVAL: Sebastián Dávalos (PS), son of the President Bachelet, and his wife were accused of influence peddling to obtain a loan from a private bank.
2014	•	SQM: Under investigation, the mining company SQM was accused of fraud to the Treasury, tax evasion and irregular funding of political campaigns linked to politicians of the Concertación coalition as well as other parties.

Source: Based on Minay (2008), Crawford (1990), Orellana (2007, 2004), Ramírez (2016), Balán (2011), Silva (2016), Bravo (2008), Delgado (2015).

With the return to democracy and the reactivation of oversight institutions, international rankings and aggregate indexes of corruption registered substantial improvements in transparency and probity (Figure 6.1). Once democratic institutions were restored, free elections held, the parliament opened, and free media allowed, the country performed as the nation with the cleanest and most efficient state in the region. In that way, Chile outperformed most of the Latin American democracies in the control of corruption—withstanding an increase in the degree of perceived corruption after 2012, which we attribute to the last scandals related to the irregular funding of campaigns in the PENTA and SQM cases.

The first democratic governments were free of important corruption scandals, with the exception of the CODELCO case, which arguably involved a single individual in a fraud operation to the state copper mining company (Silva, 2016; Balán, 2011; Orellana, 2007, 2004). President Aylwin (Christian Democrat, 1990-1994) himself demanded an investigation that resulted in a plea guilty from a copper seller in future markets, while the CEO of the state mining company, the Christian Democrat Alejandro Noemí, resigned because of the scandal. During the Frei adminis-

Figure 6.1: Evolution of Political Corruption in Chile by Indexes, 1985–2015



Sources: Data from Varieties of Democracy Project (V-DEM) (Coppedge et al., 2017a), the World Bank Development Indicators (Bank, 2018), and Transparency International (International, 2018).

Note: Indexes have been normalized so that they are comparable to each other.

tration (Christian Democrat, 1994–2000), measures to improve transparency and accountability were designed with the establishment of a National Commission on Public Probity (Comisión Nacional de Ética Pública). The Commission had a preventive nature and conceptualized for the first time issues of the traffic of influence, the misuse of privileged information, and provided a better specification of administrative misconducts related to bribery.

New cases of corruption appeared under the government of Ricardo Lagos (Socialist, 2000–06), in which the use of irregular payments in the Minister of the Public Works (MOP) caused a huge public scandal. The illicit began with the bribery of a member of the MOP to get a license in the city of Rancagua, and it involved a deputy of the governing coalition and several high-ranking officials in the ministry. Lagos made a political statement by supporting investigations no matter who could be found guilty (*caiga quien caiga*). The investigation unveiled a scheme of irregular over-payments (*sobresueldos*) that were used to compensate the salaries of senior public servants, including the minister himself, the deputy minister, and chiefs of departments (Orellana, 2007). When the scandal erupted, the Socialist minister, Carlos Cruz Lorenzen, was investigated by the

Socialist Party's Supreme Court. Facing internal pressures Lorenzen had to resign to his party in 2003. The president of the PS, Camilo Escalona, denied backing Lorenzen, and later a judicial investigation found him guilty of fraud (de Valparaíso, 2003). Patricio Tombolini, Secretariat of the minister, had his membership in the Radical Party (PRSD) suspended after being involved in the *coimas* case, for which he also had to resign his position of president of the party. Tombolini was found guilty of bribery (*cohecho*) in 2002, but after a review by the Supreme Court in 2007 he was acquitted of all the charges and returned to activities in the party. The PPD depute Víctor Manuel Rebolledo was also found guilty of bribery in the *coimas* case. Two other individuals, Jaime Jiménez and Cristián Pareto, were involved in the case. The Christian Democratic Party expelled them from the party, adducing serious harm to the party's image and reputation. The action also caused the resignation of Luis Pareto, member of the party's Supreme Court who happened to be father of the accused depute. However, the party board stuck with its decisions and memberships were not restored. The accused deputies lost their parliamentary immunity and were eventually prosecuted for bribe-taking in the *coimas* case, and subsequently found guilty of bribery.

In the opposition bloc, alarms went off in 2013, when the independent deputy Marta Isasi and the UDI Jaime Orpis were involved in a corruption scandal during the discussion of the fishing law known as the "Ley Longueira." Corpesca, an industrial fishing company controlled by the Angelini Group, was accused of influence peddling and bribery during the discussion of the law. Senator Orpis was accused of bribe-taking, and after an initial defense he accepted the charges of facilitating false invoices to fund his parliamentary campaign (though he denied the charges of bribe-taking) and had to renounce to the UDI, admitting damaging to the party's reputation. Orpis would later lost his parliamentary immunity and is currently under investigation, as is the independent Isasi. Both have lost their seats in parliament.

In the 2010s, two corruption scandals related to the irregular funding of political campaigns shook both the government and the opposition coalitions. The PENTA and SOQUIMICH cases are reviewed in the following sections.

6.4 Parties and the Accountability for Corruption

6.4.1 Control over Candidates

Chilean political parties have traditionally had important powers over politicians' careers. The parties' role in shaping candidates' prospects has been the product of the partisan and institutional arrangements that configured the post-authoritarian era in Chile. Centralized structures in government together with a stable and nationalized party system and disciplined parties have been key to strengthening this mechanism.

First, Chile has a presidential and centralist regime with a “potentially dominant” executive (Shugart and Mainwaring, 1997; Shugart and Carey, 1992), which have drawn clear and institutionalized paths to government power via established parties. As we saw, in the post-authoritarian party system parties have coalesced into two coalitions, which have nominated all the relevant candidates for executive office since 1989. Because of the effectiveness of these institutionalized venues, the nomination process between parties within coalitions have resulted in positioning candidates for executive office, and partisan elites have assumed important roles in the selection of candidates and political appointees (*cuoteo*) (Siavelis, 2009b). In the Concertación bloc, open and binding primaries have been organized for the selection of presidential candidates, but the lists of runners were carefully nominated by parties among short lists.¹

In contrast with the “entrepreneurial” model of Brazilian politicians, candidates in Chile conformed to the “party loyalist” type (Navia, 2008). Parties and coalitions have behaved as cohesive groups with clear ideological positions (Zechmeister, 2010a). Party switching in the legislature has been exceptionally rare by Latin American standards, and the high discipline in voting behavior evidences the parties' influence on their legislative contingents (Valenzuela et al., 2018; Alemán and Saiegh, 2007).

Parties and party elites have also been able to exert an effective veto power in the selection

¹Primaries were used in 2013 for the nomination of presidential candidates in both coalitions, and they were organized by the Concertación in the elections of 1993, 1999, 2005, and 2009. Since 2013, primaries are publicly regulated and funded but they are not mandatory for coalitions.

of candidates and the access to the ballot. This power has been increased by the binomial rule that commands the election of members for the lower chamber² (Siavelis, 2005, 2002a). In the binomial system, a list of parties could only win the two seats in competition in each district if it received double the number of votes obtained by its nearest competitor. With two relevant lists competing in a district, one must obtain 66% of the votes in order to get the seats (*doblaje*), or at least 33% to obtain one. The fact that both coalitions presented lists in all the districts implied that, for most of the occasions, one candidate of each coalition would be elected. As a consequence, the selection of the members for Congress actually happened among candidates within the same coalition. As Gingerich (2013, 178) observed, “once a candidate gets on a list, what really matters for her electability is how attractive she is perceived to be vis-à-vis her coalition list mate”. Particularly in the Concertación, party elites developed sophisticated mechanisms to guarantee a fair representation of parties in the creation of lists across electoral districts, even designing “insurance” policies for candidates who agreed to run in risky districts (Carey and Siavelis, 2005). In cases where conflicts for list nomination emerged (Siavelis, 2005; Carey and Siavelis, 2005; Siavelis, 2002a), candidates developed incentives to “compete by denunciation,” threatening list mates with leaking damaging information about misdeeds and corrupt acts (Balán, 2011).

These mechanisms to patrol politicians were observed in several cases of corruption in the democratic period. Consistent with the theory’s first observational implication (O_1), evidence suggests that party elites were aware of the negative consequences that politicians accused of misdeeds had for their parties’ reputations and brands. Parties had tools to ban politicians from valuable nominations to coalition lists and ballot access. Differently from the Brazilian case, politicians condemned in cases of corruption and illicit exchanges were not able to run successfully for office by their own means. In a party system with exceptionally high barriers to entry and party loyalist candidates, the expulsion that parties could impose on their members for

²The binomial electoral rule was crafted by the Pinochet’s regime with the goal of putting an end to a process of ideological polarization in the country. It attempted to reduce the fragmentation of the party system and to encourage a bipolar pattern of (centripetal) competition by over-representing the parties on the right (Siavelis, 2002b; Magar et al., 1998; Rabkin, 1996). The reform redrew electoral districts (60 for the Chamber of Deputies and 19 for the Senate) and set a fixed district magnitude of 2 (DM=2).

corrupt actions had deleterious consequences for the politicians' careers. Fulvio Rossi, deputy and former president of the Socialist Party, had to suspend his membership during the investigations of the SQM related to the irregular funding of his campaign. Rossi, who had been tagged in the Corpesca investigation as well, resigned from the PS only to look for reelection in 2017 as an independent, eventually losing office.

There was a case, however, where a politician accused of corruption managed to return to his party. After being convicted in the *coimas* case, Rebolledo was reelected to the board of the PPD in 2008, and he was even able to win nomination for the Congress the next year, although he did not win office. This might be explained by the fact that the PPD has behaved as an instrumental party with a catch-all profile and weak organizational endowments (Rosenblatt, 2018). Since its inception as a vehicle to cope with the restrictive party law of the authoritarian regime, the PPD remained a weakly institutionalized but successful party ruled by powerful figures. One of the party's historical leaders, Senator Guido Girardi, was mentioned in the Publicam scandal for the irregular funding of his campaign and was later accused of patronage by a minister of his coalition. However, he was able to steer the party to his favor and gained nomination and reelection in consecutive elections. On the other hand, in 2013 Rebolledo had to decline from running for Congress because of a conflict with list-mates of the Concertación bloc, who adduced his inability to exert public office after being convicted for fraud almost a decade before.

6.4.2 Personalistic Parties

In the post-authoritarian Chile, personalistic parties and successful political outsiders have been largely absent—in consonance with our second empirical implication (O_2). The main parties and coalitions have been able to place competitive candidates in elections at all levels of government.³

³In the 2009 elections, a third-list candidate did have an impressive performance, gathering 20% of the preferences in the first round. While some commentators saw in Marco Enríquez Ominami a political newcomer, he was not a truly outsider, for he was a former depute that had defected from the Socialist Party, and his successful candidacy was best explained as an “internal breakdown within the ruling Concertación coalition” (Bunker and Navia, 2013, 29). In the following presidential elections, a political outsider, the independent Franco Parisi, obtained a sizable 10.1% of the votes in the first-round of the presidential elections. While important as an indicator of an emerging space for independent candidates, his coalition only obtained one seat in the legislative elections,

Likewise, despite a gradual decentralization and localization in the competition for municipal governments (Suárez-Cao and Benjamín, 2017), strong successful personalist movements have not emerged; and although scholars underscore a growing presence of region-based parties (*partidos regionalistas*) (Suárez-Cao and Benjamín, 2017; Došek, 2017), patterns of competition and voting behavior at the local level have tended to reproduce the dynamics of national politics (Bunker and Navia, 2010; Valenzuela et al., 2018).

While in Brazil career-seeking politicians found opportunities and means to cultivate localized “bailiwicks”, politicians in the democratic Chile faced a highly nationalized party system with high barriers to entry to the political market⁴ (Harbers, 2010; Jones and Mainwaring, 2003). Politicians found in established parties institutionalized venues for access to positions in government, and candidates in turn could be linked to parties and coalitions in a straightforward manner. Although legal restrictions for independent candidates were lax, independents were not successful in legislative elections (Navia, 2008). All in all, independent candidates have increased at the municipal level (Došek, 2017).

Competitive personalistic parties had few opportunities in the face of two viable multi-party blocs in the contest for office. In fact, after an impressive performance by the UDI presidential candidate Joaquín Lavín in the general elections of 2000, the center-right coalition became a serious alternative for governing. As the Alianza candidates diluted their ties with the past authoritarian regime—Lavín himself was the most conspicuous example of this (Silva, 2001)—, the electoral contests became more competitive at all levels of government. Opposition parties had means and incentives to carefully monitor the performance of the incumbent parties and their representatives. For instance, Rehren (1996) reported that charges of corruption involving mayors of municipalities were mostly initiated by municipal councilors from opposition parties rather than organized groups of civil society, thus indicating the role of opposition parties as watchdogs for incumbent misdoings.

and Parisi has not run for public office again.

⁴In Jones and Mainwaring’s 2003 analysis, Chile (1989–2001) scored among the five most nationalized party system in the Americas, and in Harbers’s 2010 work, the country (1989–2005) had the most nationalized party system among 16 Latin American democracies.

Barriers to the formation of personalistic parties also precluded the development of strong party-machines. Gingerich (2013) showed that the participation in political corruption by party members that made use of resources of public institutions to benefit their parties was lower in Chile than in Brazil and Bolivia.⁵ In their study on the assignation of social assistance benefits, Luna and Mardones (2017) found that local authorities and mayors had very low discretion in the distribution of social benefits, in part because of the absence of developed party-machines. The assignation of social assistance has relied on technical criteria, and political distortions have mainly happened at the margins.

6.4.3 Benefits from Corruption

As it was mentioned, viable and easily identifiable competitors put incumbent parties at high risk of losing executive office or legislative majority. In that way, any possible benefit stemming from illicit deals were discounted from the costs of party brand damage, electoral punishment and the subsequent gains of a viable opposition bloc (O_3). Indeed, corruption scandals during the Lagos administration threatened to overshadow the successful economic management and the policy achievements of the Concertación governments. When the MOP-Gate and the *Coimas* cases erupted, the president condemned the acts vigorously and made exceptional efforts to avoid a political crisis by turning the scandal into an opportunity for reform (Navia, 2004). He moved on to craft an agreement with the opposition leader Pablo Longueira (UDI), and in 2002 the government sent to the Congress a series of executive and legislative measures to increase transparency and modernize the public sector. The administrative and legal packages included measures to increase salaries for public servants, improve the auditing of public contracts, regulate lobbying, strengthen the Comptroller General, and reduce the number of discretionary jobs appointed by the executive (Brinegar, 2009). It also regulated the funding of political campaigns (“Ley sobre Transparencia, Control y Límite en el Gasto Electoral 19.884), setting limits to campaign

⁵It must be noted that Gingerich (2013) attributed these differences to the effect of electoral rules rather than party arrangements. However, the author did not explore the differences between Brazil and Chile, two countries with open-list ballots.

donations and giving to the National Electoral Service tools to control the private spending on campaigns (Johnson, 2011).

Likewise, a party system with high intelligibility and strong inter-party competition made it hard for public authorities to avoid responsibility or shift blame for misdeeds, even if they had not been involved directly in the accusations. As opposed to presidents in Brazil, Argentina, or Peru, presidents in democratic Chile have not been accused of political corruption, although both Lagos and Bachelet were severely harmed by scandals during their administrations. In 2006, a prominent figure of the democratic transition, the former minister and designated senator Edgardo Boeninger (PDC), declared the existence of corrupt practices within the governing coalition, denouncing parties for the use of public funds to finance their political activities (Bravo, 2008). The declarations were followed by deputy Jorge Schaulsohn (PPD) and the president of the Socialist Party Gonzalo Martner, who resigned from his party. The denunciations referred to politicians getting electoral and political benefits from illicit transaction. The opposition took advantage of the accusations and Piñera, then presidential candidate for the Alianza, severely criticized the practices of patronage and favoritism (*cuoteo político*) within the governing coalition. The presidential elections in 2009 would mark the first victory from the center-right candidate after two decades of Concertación rule.

Similarly, in her second term as president, Bachelet herself experienced the reputational costs derived from corruption. In 2014, Sebastián Dávalos, her son, was accused of having obtained a loan from a private bank for his wife's firm, making use of privileged information and contacts. Facing accusations of influence peddling by the opposition, Dávalos resigned from his position in the Department of Culture, and after threats of internal investigations by the Supreme Court of his party (PS), Dávalos and his wife had to resign their memberships. The incident severely damaged the image of the government, and particularly that of President Bachelet, who faced public outrage and saw her popularity plummet. The next elections in 2017 would constitute another change in government in favor of the center-right bloc, and the second defeat of the Concertación by Piñera.

6.4.4 Attachment of Parties

From a comparative viewpoint, parties in Chile have reflected social cleavages and deployed patterns of programmatic competition. The democratic party system performed the highest in terms of programmatic structuration among twelve Latin American democracies analyzed by Kitschelt et al. (2010a). Using data from the World Values Survey, Luna and Altman (2011) regressed the declared vote for parties on competitive dimensions (state-market, democratic-authoritarian, and conservative-liberal moral positions) and on the left-right identification and found that Chile and Uruguay had the most structured party systems among eight Latin American nations. Zechmeister (2010b) ranked the Chilean parties as the most representative in the region from the point of view of the correspondence between party elites and party supporters across a set of issue and ideological divides. Public opinion polls and elite surveys demonstrated that in Chile there has been a growing congruence in elite-mass opinions relative to political and economic issues (Siavelis, 2009a). There was also no disconnect between the mass and elites with respect to the ideological placement of parties.

Clientelism has not been as common as in other countries of the region, and for most politicians it has represented a complementary and not a core linkage strategy. Calvo and Murillo (2013) registered that in Chile voters have made use of ideological cues when forming distributive expectations for goods (handouts, jobs, or pork), whereas in Argentina voters relied more heavily on their proximity to party activists. Luna (2014b, 2010) documented the development of “segmented” strategies in parties’ appeals to different electoral bases, through which some parties—the UDI, in particular—could coordinate and “harmonize” programmatic appeals to mobilize their core constituency with clientelist exchanges to attract other groups. However, the link with accountability for corruption was not direct, for though supporters from opposition parties prioritized corruption higher than government supporters, there were no differences in the perception of the pervasiveness of corruption in government (Brinegar, 2009). Moreover, vote intention was affected by citizen evaluations of the government’s response to the scandal and in interaction with its economic performance.

6.5 New Challenges for Accountability: PENTA and SQM

6.5.1 The Cases

The responsiveness of the Chilean party system and its parties was recently challenged by the eruption of scandals involving politicians and businessmen in the irregular funding of political campaigns. In July 2014, the owners of the PENTA financial group, Carlos Alberto Délano and Carlos Eugenio Lavín, were accused of tax crimes by the Chilean Internal Revenue Service (SII) (CIPER, 2015a). The initial charge was made by an executive of PENTA who had been involved in administrative irregularities and the adulteration of tax records in the SII. Soon the investigation unveiled a scheme of financial operations linked to prominent leaders of the UDI as well as to the presidential candidate and former Ministry of Finance in Bachelet's government Andrés Velasco. Délano and Lavín decided to collaborate with the investigation, and identified Jovino Novoa, former senator and senior leader ("coronel") of the UDI, as the individual in charge of the distribution of resources facilitated by PENTA among the party's candidates (Ramírez and Jara, 2015).

The case was complex in its mixed of legal and irregular mechanisms of campaign donations. The investigation revealed that contributions to parties have been made through a legal channel called "reserved donations," by which anonymous contributions were made through the SERVEL. Created as part of the Lagos-Longueira agreement to regulate political spending in the aftermath of the MOP-Gate scandal, this mechanism was used by the PENTA managers to elaborate false invoices for professional services never given—appropriately called by the press "ideologically falsified invoices" (*boletas ideológicamente falsas*). In this way, the company could evade taxes as it was transferring resources to parties through politically connected individuals who acted as brokers. Along with the former CEO of PENTA and several managers, the accusations extended to high-ranking party leaders of the UDI, such as Senators Ena Von Baer and Iván Moreira, the former Mayor of Santiago Pablo Zalaquett, and the former minister and presidential candidate Laurence Golborne. The Congress announced the creation of two commissions to investigate the

cases, and Ernesto Silva, then president of the UDI, announced internal investigations as well. After the revelations, several politicians recognized “errors of procedures” and “irregular” practices of campaign funding, while the party’s directive board issued a public apology, recognizing personal responsibilities and asking for equal treatment with other parties’ irregularities. In fact, the following president of the party, Hernán Larraín, took a soft stance and decided not to punish accused politicians until a judicial investigation established responsibility for illicit acts.

While the revelations of PENTA mostly damaged the UDI, the following scandal would spread to the government coalition. In November 2014, in the middle of the investigations on PENTA, the prosecutor Carlos Gajardo sent a requirement to the SII to process the former secretary of the Ministry of Mining during the government of Sebastián Piñera Pablo Wagner (UDI) and his sister in law for a false invoice submitted by SQM in July 2009. The Sociedad Química y Minera de Chile (Soquimich, SQM) is a publicly-traded chemicals and mining company and one of the world’s largest miners of lithium. In January 2015, the SII initiated a lawsuit against SQM, requesting the company’s books and records. With the eruption of the case, it was the company’s chief executive, Patricio de Solminihac, who provided documentation of non-justified invoices for approximately US\$11 millions. The prosecutor identified 172 individuals suspects of having provided falsified invoices to SQM, 74 of whom presumably were politically connected individuals from the center-right coalition and 11 from the center-left (CIPER, 2015b).

In January 2017, the US Securities and Exchange Commission investigated SQM for violations of the Foreign Corrupt Practices Act. The company was accused of having altered the books and records of internal control provisions from at least 2008 to 2015 (Skoknic, 2017). SQM managers recognized the existence of a scheme of illicit campaign funding. Patricio Contesse, SQM’s former CEO, had manipulated a discretionary fund of between US\$3.3 and US\$5.7 million to pay fictitious invoices and contracts for services that were not rendered, and had falsely recorded some of the payments in the company’s books and ledgers. The Commission found that SQM had made approximately US\$14.75 million in improper payments to politicians, political candidates, and individuals connected to them. The investigation also mentioned the routing of payments

to foundations supported by politicians, one of them related to an individual with influence over the government's plans for mining in the country—presumably, Pablo Longueira. The scheme had violated Chilean tax laws as well as campaign finance limits and made payments that were falsely recorded in the SQM's books and records.

Documents obtained by the press revealed the identity of some of the sellers and facilitators of the operations. Among the individuals identified were senior politicians from the main political parties—and from new parties as well, such as the Progressive Party (PRO) and the Independent Regionalist Party (PRI) (Toro, 2018). Among the politicians identified was the former Senator and Minister of Economy Pablo Longueira (UDI), accused of influence peddling and *cohecho* in the mining royalty law. Longueira was one of the founding members of the UDI and, as such, played a key role in the path that led the UDI to be the most voted party in the legislature. Longueira had been elected deputy in 1989, and reelected in 1993, 1997 and 2001. He was elected president of the UDI in 1998 to organize the notorious presidential campaign of Lavín against Lagos. In 2013 he was the presidential candidate for the center-right coalition; he would later abandon the race because of health issues. With his political background, Longueira enjoyed a privileged position within the party. However, once the mass media started to reveal more antecedents about his involvement in the Corpesca case, the president of the UDI, Hernán Larraín, succumbed to the pressures of party members and the coalition-partner RN and publicly required Longueira to clarify the charges made against him. Longueira presented his resignation from the party, and did not return to political life. He is currently under investigation in the SQM case.

The former presidential candidate Marco Enríquez Ominami (PRO) and his campaign advisor were accused of tax evasion in the SQM case as well. In this case, Enríquez Ominami managed to retain his leadership position within the party, which until then had served as a platform for his presidential campaigns. In 2016 this situation triggered the disaffiliation of a faction of members who attributed the lack of internal democracy in the party and the excessive personalization of the PRO to the figure of Enríquez Ominami.

Facing corruption scandals and internal conflicts within the government coalition, in 2015

the Bachelet administration pushed forward an agenda focused on probity and transparency. Bachelet created a Presidential Advisory Board to address the cases of corruption from a legal and policy standpoint (Gamboa and Segovia, 2016)—i.e., *Consejo Asesor Presidencial contra los Conflictos de Interés, el Tráfico de Influencias y la Corrupción*. The commission balanced technical and political criteria in the pursuance of proposals to regulate conflicts of interest, influence peddling and corruption in the state. The core of these proposals was incorporated later in a comprehensive legislative framework that involved a new Law of Transparency and Strengthening of Democracy (N20,900), a Law for the Strengthening of the Public and Democratic Character of Political Parties (N20,915), and a new Law on Transparency, Limit and Control of Electoral Expenditures (N19,884) enacted in 2017.

6.5.2 Challenges for Accountability

How did the Chilean parties and party system respond to the latest revelations of irregular political funding? The PENTA and the SQM cases were especially harmful to the political class. Accusations covered a broad range of the political spectrum, from the conservative UDI to the Socialist Party going through the PRO's candidate Enríquez Ominami, although with the exception of the Communist Party. The revelations provoked public outrage and fueled citizens' distrust of public authorities and politicians. However, the government coalition and its parties were able to avoid a political crisis by compromising with policy change and reform. Legal initiatives were effective in the aim of strengthening accountability institutions and broadening the scope of public transparency and the probity in public office (Camacho Cepeda, 2018). Inter-coalition conflict did not rise to levels of acute polarization or executive-legislative stagnation, and executive bills were supported by the main political forces in Congress.

The narrative of the latest cases reveals that parties and party elites faced differential incentives to punish corrupt politicians, and that accountability for corruption functioned with heterogeneous effectiveness. In a number of cases, officeholders were removed from their parties

and lost their parliamentary immunity (e.g., Orpis in the UDI, Rossi in the PS). Parties and party elites had tools to punish politicians accused of irregular practices and threatened them with expulsion and withdrawing from nomination. Some high-ranking politicians decided to suspend their memberships while investigations were being carried out, thus avoiding further damage to the reputation of their parties and coalitions. Party elites, in turn, pursued new regulations and the promotion of transparency in government, parties, and campaign funding. From this point of view, political actors responded in ways that strengthened an anti-corruption institutional framework and, differently from the Brazilian case, avoided scenarios of protracted conflict and political crises.

On the other hand, not all of the mechanisms of accountability operated equally. Because the revelations of SQM and PENTA were linked to all the main parties of both coalitions, parties sought to discipline their members according to the responses of other parties. As the reputational costs of accusations spread through both coalitions, parties and party elites pursued a cautious, case-by-case approach in response to the scandals. A good example is the disciplinary action undertaken by the UDI and the Socialist Party, which publicly condemned misdeeds but delayed concrete actions against specific politicians until courts issued sentences.

Finally, it must be noted that these cases emerged in a context of re-alignment among the main political forces (Bargsted and Somma, 2016). During the 2000s, the Chilean party system went through a process of adaptation to new societal demands and concerns. A new public consensus sought to replace the binomial rule that had accompanied the democratic transition (Siavelis, 2009b), bringing uncertainty about the payoffs for acting tough against officeholders accused of irregularities. Parties and party elites proceeded cautiously, crafting an agreement to reform the electoral system while pushing forward new measures to control the funding of political parties and campaigns.

6.6 Discussion

Along with Uruguay, the Chilean party system and its parties were conventionally considered the most stable, programmatic and institutionalized in the region (Mainwaring, 2018a; Jones, 2010; Kitschelt et al., 2010a; Mainwaring and Scully, 1995b). The Chilean case illustrates a party system that was effectively reconfigured and stabilized during the democratic transition. This experience was exceptional in that it maintained predictable and durable patterns of coalition competition for most of the post-authoritarian era. Early on, the party system achieved stable dynamics of competition among well-established parties with relatively known identities. Institutionalization provided high “clarity” to the political and policy process, particularly through the consolidation of a “core” set of players organized in two coalitions at the right and left of the ideological spectrum. Notwithstanding a trend towards ideological moderation by the governing Concertación coalition, parties and alliances remained faithful to their relative ideological placing. Considering this picture, were the Chilean party system and its parties able to hold political authorities to account and to discourage political misdeeds?

In the post-authoritarian period, the continuity in the main actors structuring political competition for office at all levels contributed to building a well-defined political landscape, where the axes of competition were relatively settled, and the core of the system, both at the level of coalitions and at the level of the main parties, was broadly known. Well-established partisan arrangements in conjunction with a restrictive electoral rule gave party elites attributes and incentives to control individual politicians. Because in an electoral system with low district magnitude party nominations were a high stake for career-seeking politicians, and because established parties constituted valuable paths toward legislative and executive office, candidate selection and ballot access became key. Party and party elites made use of these tools to discipline candidates, particularly where misdeeds could affect the reputation of a party and damage its brand. Party and coalition brands were in fact valuable assets because of the high intelligibility of the party system and the risk of losing office against a competitive and viable alternative force. Although the effectiveness of the control of corrupt individuals varied, parties and politicians themselves

internalized the costs of political misdeeds for their electoral chances and that of their parties.

An intelligible and predictable political system increased the responsiveness among the main political actors. A clear example was how the political elites reacted to the first high-corruption revelations, turning the MOP-Gate crisis into an opportunity for policy reform (Navia, 2004). Most of the accused politicians were not able to return to party politics, and in a system with higher barriers to entry, the prospects for personalistic ventures were poor. The latest corruption scandals, on the other hand, occurred in the context of party system adaptation and re-alignment (Bargsted and Somma, 2016; Luna and Altman, 2011; Siavelis, 2009b). The PENTA and SO-QUIMICH cases exemplified emerging challenges of accountability in a stable party system that faced complex incentives to hold corruption to account. Parties followed a case-by-case approach, and in the last general elections in 2017, they paid the reputational costs of the scandals. All in all, dynamics of policy change and reform did not evolve in situations of political instability, crisis, or party system collapse—as it has been the case in a number of Latin American democracies.

Chapter 7: Conclusion

7.1 Political Corruption in New Democracies

Implicit in our normative understanding of representative democracy is the notion that elected authorities should act in the interests of those who have elected them and on the behalf of citizens and their well-being. Political parties and officeholders should be responsive to voters' preferences and interests; otherwise, they face the risk of being replaced at elections. Political corruption, as the inappropriate use of authority to obtain personal or political benefits at common expense, constitutes a violation of the public interest and the normative principle of representative democracy. However, anecdotal and systematic evidence shows that corruption can coexist with electoral democracy, and that contrary to what scholars and policy practitioners expected, open competition for office has not strengthened the accountability for corruption across all newly democratized countries. Transitions to democracy in Latin America and elsewhere demonstrated that continuity in the democratic game could not improve by itself the accountability of elected authorities for the political and personal misuse of public office.

This puzzle long occupied scholarship in the institutional and political analysis of corruption in comparative politics and political economy. The conventional wisdom about the persistence of corruption among young democratizers emphasized the levels of economic development, the lack of democratic experience, and the influence of ill-advised institutional and electoral designs, but they overlooked the role of parties and party systems. In fact, what standard approaches to accountability for corruption failed to notice were the conditions under which political competition took place among newly democratized countries. In new democracies, the rules that regulate the political and policy processes are not as consolidated as they are in old democracies (Bielasiak, 2002); and where they exist, they may be treated as "parchment institutions" and

may not deliver the outcomes scholars and policymakers expect (Moser and Scheiner, 2012; Levitsky and Murillo, 2009). In particular, an extensive literature underscores that parties and party systems function in very different ways according to their levels of institutionalization, which has had important consequences for the good governance and the quality of democracy in young competitive regimes (Mainwaring, 2018b; Levitsky, 2018; Scartascini et al., 2010a; Mainwaring and Torcal, 2006; Payne, 2006; Schedler, 1995).

In this monograph, we have claimed that the institutionalization of party systems constitutes a critical component in the development and maintenance of mechanisms of accountability for corruption. Institutionalization provides the context in which political competition for office can better control the pervasiveness of political malfeasance and illicit exchanges. Where new democratizers develop stable party systems and parties are able to incorporate societal demands and interests through programmatic channels, political authorities and party elites are more accountable and answerable. Politicians' careers are aligned to the party's destiny, and established parties provide effective routes to political office, thus precluding the emergence of successful political outsiders. Parties and public authorities are responsive to corruption scandals and accusations of misdeeds because they have invested in party organizations and have built programmatic and policy commitments in the medium- and long-term. Party elites have an interest in holding their politicians accountable due to the reputational consequences that corruption has for the party brand and the prospects of their parties. At the same time, institutionalization increases the intelligibility of the political system, allowing the participation of viable contenders and bringing clarity in the assignment of responsibility for political misdoings.

What does our argument mean for the control of political corruption in new democracies? How did the institutionalization of a party system in the post-authoritarian Brazil and Chile influence the capabilities and incentives to control corrupt authorities? What can PSI teach us about the role of parties and party systems from a policy perspective?

7.2 Party System Institutionalization and Accountability for Corruption

7.2.1 PSI and Accountability

Scholars have linked the concept of party system institutionalization to a wide array of desirable governance features and policy outcomes. Weakly institutionalized parties and party systems, conversely, have been associated with high levels of uncertainty in the political and policy process (Mainwaring and Torcal, 2006; Mainwaring and Zoco, 2007; Lupu and Riedl, 2013), fluid and erratic dynamics of competition for office (Mainwaring, 2018b; Bielasiak, 2005; Weghorst and Bernhard, 2014; Roberts, 2015), less intelligibility and higher obstacles for electoral coordination (Rose et al., 2001; Innes, 2002), and less political accountability from elected authorities (Schleiter and Voznaya, 2016; Zielinski et al., 2005).

We investigated the first observational implication of our theory (O_0) in a cross-sectional analysis among 88 democracies and semi-democracies and confirmed the association between higher levels of party system institutionalization and lower aggregate political corruption. Our findings stand out from prior research in two important ways. First, building on the revisionist literature on PSI in Latin America (Piñeiro and Rosenblatt, 2018; Luna, 2014a), we argued theoretically and proved empirically that the foundation of party system stability mattered. With Mainwaring (2018b) and Schleiter and Voznaya (2016), we claimed that the stability in the patterns of party competition was necessary to sustain mechanisms of accountability for corruption, but this may not be sufficient. To be responsive over time, parties need to incorporate societal demands and interests through at least some programmatic and policy commitments. By doing so, political elites internalize the reputational costs of involvement in corruption, and unscrupulous politicians find few opportunities to escape accountability and counteract the consequences of their misdeeds through clientelist and personalistic appeals. In evaluating our argument, we proposed a composite index of PSI that included the dimensions of stability and

incorporation, and we obtained consistent results for different model specifications and with a wide set of confounding variables.

Second, we developed a more detailed elaboration on the causal mechanisms linking our explanatory variable and accountability for corruption. We claimed that PSI can help in building and maintaining mechanisms of accountability because of the intelligibility and reputational effects that institutionalized systems provide. Party systems with high identifiability and responsiveness grant parties and party elites with opportunities and incentives to hold corrupt politicians accountable. To explore the mechanisms our theory posited, we analyzed the cases of Brazil and Chile, considered relevant theoretical scenarios for examining party system institutionalization among two consolidated post-authoritarian democracies in Latin America.

7.2.2 PSI and Mechanisms of Accountability in Brazil and Chile

Our theory posited that the institutionalization of a stable and adaptable party system would enhance the workings of accountability through specific mechanisms: the control over candidates, high barriers against personalistic parties, discounted benefits from corruption, and programmatic attachments to parties. Our analysis of the post-authoritarian party systems in Brazil and Chile illustrated the extent to which parties and party elites were able to control corrupt politicians across these dimensions (Table 7.1).

The Chilean case represents a country that, after seventeen years of authoritarian rule, effectively institutionalized a democratic party system. The early stabilization the system achieved was the product of the continuity of the main political actors during the country's democratic transition and the maintenance of predictable competition between two ideologically distinctive multi-party blocs. In the aftermath of the plebiscite of 1988, prominent actors from the pre-authoritarian period reappeared, and the continuity in party brands and leaderships as well as a relatively predictable distribution of voting preferences helped structure the political and electoral process. In Brazil, on the other hand, the consolidation of the post-authoritarian party

Table 7.1: Mechanisms of Accountability for Corruption Between Cases

Mechanisms	Brazil	Chile
Control over candidates	High autonomy of politicians vis-à-vis their parties, low party discipline and cohesion, frequent party switching, decentralized nominations and entrepreneurial careers hindered parties' capacity to control corrupt politicians and prevent them from running for office and getting re-elected	Centralized process of candidate nomination and ballot access, high control over candidates, and cohesive legislative contingents favored the control of politicians by membership removal and denying access to ballot
Personalistic parties	Presence of personalistic parties decreased over time, but parties with personalistic leaderships and brands persisted. Personalistic leaderships could maneuver to avoid responsibility for misdeeds	Absence of relevant personalistic parties and the fortune of politicians linked to the parties' performance and success increased the responsiveness of officeholders accused of corruption
Benefits from corruption	High benefits because politicians' ability to counterbalance reputational costs through particularistic exchanges (pork, clientelism) and the ability to secure nomination and reelection at the state level	Limited benefits in isolated cases of political malfeasance. Over time benefits increased in the latest cases associated to campaign funding
Attachments to parties	Catch-all parties linked to their constituents through clientelist and personalistic linkages gave politicians means to cultivate personal reputations and evade reputational costs from misdeeds	Party system programmatically structured along left-right and issue dimensions avoided the formation of party machines with strong clienteles; however, programmatic attachments to parties in the main coalitions weakened over time

system followed more erratic paths. In fact, the *abertura* process did not lead to the prompt institutionalization of a democratic party system. A high number of contenders did not coalesce into stable and easily identifiable coalitions as it occurred in Chile, and erratic voting patterns were the rule at least until 1994.

The institutionalization of viable parties and party systems in Brazil and Chile provided parties and party elites with differential capabilities and incentives to hold politicians to account. In our within-case analyses, we tracked these opportunities and incentives back to the partisan and institutional arrangements that configured the post-authoritarian period.

The parties' capacities to shape politicians' careers and nominations were noticeably different

between the cases. Although both Brazil and Chile had multi-party systems with a high number of relevant actors, the institutionalization of parties and the effects of the electoral rules set the cases apart. In Brazil, an exceptionally permissive OLPR formula, with high district magnitude and low barriers to entry, interacted with organizationally weak and catch-all parties to give politicians and candidates high autonomy from their organizations. “Entrepreneurial” politicians escaped accountability for involvement in corruption by cultivating electoral turfs in localized territories and building personal instead of partisan reputations. Decentralized processes of nomination and candidate-centric campaigns further weakened the parties’ role as gate-keepers for legislative positions. Politicians involved in corruption found in this context broad opportunities to avoid responsibility for misdeeds by running for state rather than national offices, switching between parties, and increasing campaign spending. Because politicians relied heavily on pork in clientelist and personalistic appeals, incumbents very often disposed of alternative technologies to gather support and mobilize the electorate when corruption scandals arose. Distributive exchanges, credit-claiming for pork barrel projects, and the nurturing of clientelist networks constituted feasible strategies to counteract the reputational costs of political misdeed and by so doing secure reelection.

This description contrasts with the Chilean case. The electoral and political process in Chile was tightly structured by institutionalized parties and two well-defined multi-party blocs. Party elites in Chile exerted great influence on politicians’ career prospects. Because parties were discipline organizations and because the binomial system placed great value in the nomination of candidates in DM=2 districts, party elites and career-seeking politicians had a high stake in gaining access to the ballot in coalition lists. In this way, expulsions from parties had important deleterious effects on the careers of politicians accused of corrupt acts. Stable patterns of coalitions and alliances and very low levels of party switching generated few incentives to look for entrepreneurial paths to office.

The presence of competitive personalistic parties and the parties’ reliance on individualistic leaderships had detrimental consequences for accountability as well. The volatile party system in

the aftermath of the military government in Brazil opened space for the emergence of successful personalistic ventures. The case of Collor de Mello, who managed a highly organized corrupt scheme with his campaign treasury, illustrated a personalist politician that even after a presidential impeachment was able to burn his party brand and return—successfully—to public office. Although the presence of personalistic ventures diminished once the PT started to perform as a viable alternative for government, the personalization of the party brand allowed Lula and his faction to remain electorally successful notwithstanding revelations of grand corruption. Moreover, resources that stemmed from hidden *quid pro quo* deals were highly valuable to guarantee the dominance of intra-party struggles and to manage a workable coalition in the legislature through transferences of pork and illicit side-payments.

In Chile, the stability of the party system coupled with high barriers to entry to the political market precluded the rise of comparable personalistic ventures. Established parties and coalitions remained the institutionalized channels to access power, and despite a gradual decentralization and localization in the competition for municipal government in the last decade, legislative and executive political careers remained structured by established parties. The partisan arrangements described above contributed to the identification of responsibility for corruption and the existence of viable opposition parties for the conquest of government. The political landscape in Chile was anchored ideologically by actors with predictable and intelligible patterns of opposition and alliances. This generated incentives for the monitoring of opposition parties and their candidates. Although the main parties in Chile started to lose vitality in mobilizing their membership, parties were for the most not able to mobilize clientelist machines and distribute pork to secure office and reelection, and therefore any benefit that stemmed from corruption should be discounted from the high risk of losing office.

Notwithstanding the validity of these analytic narratives, some caveats must be made from a temporal viewpoint. Because institutionalization is essentially a dynamic process, scholars must be attentive to its within-case variation over time. On the one hand, the Brazilian party system did exhibit a gradual improvement in stability. Brazilian parties helped structure dynamics

of competition at the presidential level once the PT arose as an important alternative for government against the PSDB. The emergence of both parties as the main political forces, easily identifiable both in their leaderships and their positioning in the left-right continuum, provided more opportunities for monitoring the misdeeds in office and incentives for its punishment. However, as Mainwaring et al. (2018b) demonstrated, such institutionalization was “uneven,” in the sense that it did not spread throughout the system. Local and legislative elections remained volatile, and the high number of candidates in at-large districts constituted an “overcrowded” political environment with multiple venues to escape accountability. Politicians charged with political misdeeds continued to be reelected, and high benefits from large corrupt operations increased the unresponsiveness of parties and party elites. A generalized sense of political cynicism towards corruption appeared among the electorate, which put the main parties in a delicate situation to address corruption due to their lack of credibility. Corruption scandals escalated and the deterioration of government coalitions and combative executive-legislative relations were important ingredients in the crisis that ended up in a new presidential impeachment in 2016.

On the other hand, the Chilean party system facilitated a coordinated response to the first important corruption scandals during the governments of Lagos and Bachelet, which motivated a series of relevant policy reforms toward more transparency and accountability in government. As the main parties adapted to new socioeconomic conditions and societal demands, the Chilean party system faced new challenges to respond to the latest scandals linked to campaign funding. The actions of the main parties and party elites during these scandals followed a case-by-case approach, adopting measures cautiously as revelations appeared and the cases evolved. A change in the binomial system and a gradual process of party re-alignment also increased the uncertainty of the electoral payoffs for tough actions. The main actors pushed forward policy reforms, privileging compromising and avoiding situations of protracted political conflict.

7.3 Policy Implications

Our study has shown that corruption can coexist with competitive electoral politics, particularly when politicians can evade responsibility for their actions while in office. We learned from our cases that in new democracies, the institutionalization of parties and party systems provided favorable contexts for the development and maintenance of mechanisms of accountability for corruption, which has important theoretical and normative implications for the prospects of policy change and reform.

Scholarship in comparative politics and political economy has focused almost exclusively in identifying constitutional and institutional factors that create favorable conditions for policy change (Rose-Ackerman and Palifka, 2016, Part IV). Geddes (1994, 1991) investigated the conditions to carry out civil service reforms in Latin America, and underscored the role of political authorities who must initiate reforms. Geddes pointed out that the promotion of meritocratic systems for hiring and promotion in the civil service reduced politicians' discretion over the distribution of appointment jobs. Because these policies went against the interests of the authorities who must initiate changes, reforms were more likely to succeed when patronage was evenly distributed among the main political parties and when legislators had incentives to vote for it. Likewise, reforms would be more likely to persist if the electoral weight of the top contenders remained relatively even and stable over time. According to the author, electoral rules that facilitate the proliferation of candidates—particularly, open list proportional representation systems—and fragmented party systems harmed reforms because they reduced the chances of an equally distributed patronage. Conversely, Rose-Ackerman and Palifka (2016) argued that closed-list systems were less likely to reform because they might serve as vehicles for corrupt incumbents to remain in office (Gingerich, 2013; Kunicova and Rose-Ackerman, 2005). Schwindt-Bayer and Tavits (2016) claimed that incumbent governments were more likely to pursue anti-corruption programs and legislation and to join anti-corruption conventions in situations where a single-party led the government.

Our research contends that, in addition to constitutional and electoral institutions, interna-

tional organizations and aid donors should pay attention to the institutionalization of political parties and party systems. The exclusive attention on institutional design very often overlooks the fact that in new democracies, rules that aim at regulating the political and policy process might be treated as “parchment institutions” and may not deliver the outcomes that practitioners and IOs expect (Moser and Scheiner, 2012; Levitsky and Murillo, 2009). In particular, we highlighted that institutionalized parties and party systems are critical components of accountability in that they can keep rank-and-file politicians in check and deliver more responsive and intelligible political and electoral environments. Party systems that incorporate societal concerns are more responsive to citizens demands as well, as programmatic brands and policy platforms constitute valuable assets for parties and politicians find few opportunities to gather support via clientelist and personalistic appeals. These party systems should also be more prone to sustain policy reforms in the medium and long term. Institutionalization elongates actors’ time horizons. Party elites and authorities can pursue gains in reforms because a constituency attached to party programs and platforms allows them to discount the future less heavily. Moreover, institutionalized parties help organize the legislative process, and facilitate the policy-making by providing stable arenas for discussion, negotiation, and enforcement (Scartascini et al., 2010a). Jones (2010) linked institutionalized party systems in Latin America with greater levels of policy consistency due to the strong role played by parties in the political recruitment and their capacity to maintain coherent policy positions over time. In a comparative study of the conditions for reform in eight countries in Latin America, Asia, and Eastern Europe, Heredia and Schneider (1998) observed that while institutional variables were less important in the initial decision to reform, policy and political coherence in the executive was of central importance in achieving political sustainability and practical success—i.e., the “institutionalization” of the reform. To the extent that institutionalized systems are characterized by stable actors and coalition dynamics, with more coherent ideological stances and consistent voting behavior among legislators, one may hypothesize more coherent and consistent policy initiatives in these settings, and therefore more opportunities for reforms to last.

On the other hand, in institutionalized party systems, parties can serve as vehicles for the incorporation and representation of social groups through programmatic commitments. The development of programmatic and policy attachments to parties is key, for this goes against the personalization of politics and the establishment of large networks of clienteles. As Rose-Ackerman and Palifka (2016, 419) contend, “if politicians hand out individualized benefits to voters at election time, essentially to buy their votes, citizens may view political choices in narrow *quid pro quo* terms”. As we saw in our cases, and particularly with the Brazilian *rouba mas faz* logic, constituents are more prone to vote for corrupt incumbents even if they are knowledgeable of misdoings if they perceive direct private benefits. Heredia and Schneider (1998, 25) identified the emergence of anti-patronage constituents as a key factor in the institutionalization of civil reforms, because reformers can build expectations of electoral gains, “especially when associated with opportunities for mobilizing constituents that stand to benefit from the reduction of clientelism and discretionary decision making”.

Finally, it must be noted that most of the literature have focused on incentives for administrative reform within the bureaucracy. New venues for research shall examine the way in which institutionalized party systems and durable parties can carry out policy changes within the political realm, particularly in relation to laws regulating the function and funding of parties, political campaigns, and major institutional reforms to improve accountability and transparency in the executive and the legislature.

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APPENDICES

Appendix A: Political Corruption in New Democracies

A.1 Sample

Table A.1: Sample of Countries

Countries			
Albania	Dominican Republic	Kenya	Panama
Argentina	Ecuador	Latvia	Paraguay
Armenia	El Salvador	Lebanon	Peru
Australia	Estonia	Lesotho	Philippines
Austria	Finland	Liberia	Poland
Bangladesh	France	Lithuania	Portugal
Belgium	Georgia	Macedonia	Romania
Benin	Germany	Malawi	Senegal
Bolivia	Ghana	Malaysia	Sierra Leone
Botswana	Greece	Mali	Slovakia
Brazil	Guatemala	Mauritius	Slovenia
Bulgaria	Guinea-Bissau	Mexico	South Africa
Burundi	Guyana	Moldova	South Korea
Canada	Honduras	Mongolia	Spain
Chile	Hungary	Mozambique	Sweden
Colombia	India	Namibia	Switzerland
Comoros	Indonesia	Nepal	Trinidad and Tobago
Costa Rica	Ireland	Netherlands	Turkey
Croatia	Israel	New Zealand	Ukraine
Cyprus	Italy	Nicaragua	United Kingdom
Czech Republic	Jamaica	Norway	United States
Denmark	Japan	Pakistan	Uruguay

A.2 Codebook

1. Outcome variables

- *V-DEM Corruption*: Political corruption index, 2010. Source: Coppedge et al. (2017a).

- *V-DEM Public Corruption*: Public sector corruption index, 2010. Source: Coppedge et al. (2017a).
- *V-DEM Executive Corruption*: Executive corruption index, 2010. Source: Coppedge et al. (2017a).
- *V-DEM Legislature Corruption*: Legislature corruption index, 2010. Source: Coppedge et al. (2017a).
- *V-DEM Judicial Corruption*: Legislature corruption index, 2010. Source: Coppedge et al. (2017a).
- *WB Corruption*: Control of corruption, 2010. Source: Bank (2018)
- *TI Corruption*: Corruption perception index, 2010. Source: Transparency International (2017)

2. *Explanatory variables*

- *Party age*: Average age of the two largest government parties and the largest opposition party. Source: Cruz et al. (2016).
- *Party institutionalization*: Index of party institutionalization, indicating the extent to which political parties for national-level office have permanent organizations, permanent local party branches, and publicly disseminated and distinct platforms. Source: adapted from Bizzarro et al. (2017).
- *Total volatility*: Perdersen's index of electoral volatility, measures the net change within a party system resulting from individual vote transfers from one party to another from one election to the next. Source: Mainwaring et al. (2017).
- *Within-system volatility*: Perdersen's index of electoral volatility measuring changes in voters' preferences among established parties Mainwaring et al. (2017).

- *Extra-system volatility*: Perdersen's index of electoral volatility measuring changes in voters' preferences due to the appearance of new parties and/or the decay of established ones Mainwaring et al. (2017).

3. Control variables

- *Democracy*: Index of electoral democracy (Polyarchy), averaged 2001-2009, measures the extent to which a polity has elected officials, free and fair elections, freedom of expression, associational autonomy, and an inclusive citizenship. Source: Teorell et al. (2016).
- *Quality of democracy*: Revised Polity score, averaged 2001-2009. Source: Marshall et al. (2017a).
- *Age of democracy*: Years of continuous electoral democracy since the birth of democracy (at 2009). Source: Mainwaring et al. (2017), complemented with Marshall et al. (2017a).
- *Democracy since 1950*: Indicates countries that have been uninterrupted democracies since 1950 (at 2009). Source: Mainwaring et al. (2017), complemented with Marshall et al. (2017a).
- *Plurality*: Indicates systems where legislators are elected using a winner-take-all/first past the post rule. Source: Cruz et al. (2016).
- *GDP per capita (ln)*: Log natural of gross domestic product per capita based on purchasing power parity (PPP), averaged 2001-2009. Source: Bank (2018).
- *Energy imports*: Net energy imports estimated as energy use less production, both measured in oil equivalents (negative values indicate that the country is a net exporter), averaged 2001-2009. Source: Bank (2018).
- *Population (ln)*: Log natural of total de facto population, averaged 2001-2009. Source: Bank (2018).

- *Government size*: General government final consumption expenditure, including all government current expenditures for purchases of goods and services, averaged 2001-2009. Source: Bank (2018).
- *FDI*: Foreign direct investment, direct investment equity flows in the reporting economy, averaged 2001-2009. Source: Bank (2018).
- *Gini*: Income inequality measured by the Gini index, averaged 2001-2009. Source: Coppedge et al. (2017a).
- *Parliamentarism*: indicates the composition of the executive, whether parliamentary (1) or presidential and semipresidential (0). Source: Gerring and Thacker (2004), complemented with Cruz et al. (2016).
- *Unitarism*: indicates territorial government and bicameralism (transformed scale). Territorial government: non-federal (1), semi-federal (2), federal (3). Bicameralism: no upper house or weak upper house (0); upper house not dominated by lower house (1); same as above but also noncongruent (2). Scale reversed, high score means more unitary. Source: Gerring and Thacker (2004).
- *Plurality*: indicates systems where legislators are elected using a winner-take-all or first past the post rule. Source: Cruz et al. (2016).
- *English legal origin*: Countries with English legal origins. Source: La Porta et al. (1999).
- *Protestant population*: Percent of protestant population (at 1980s). Source: La Porta et al. (1999).
- *Ethnic fractionalization*: The probability that two randomly selected individuals from a population belonged to different ethnic groups. Source: Alesina et al. (2003).

