Governments often don't work well

Poor-performing states are the central challenge of the 21st century

Generic challenges

- Simple lack of state capacity (e.g., cartel activity in C. America)

- Abusive behavior by street-level bureaucrats (e.g., use of force by police)

- Inefficiency and poor service delivery (e.g., education)

- Corruption

Today we are focused on the last issue, though some of the same strategies may apply to other problems

What explains variation in corruption?

An economist's view

- Officials will exploit opportunities for rents

- Policy interventions: drive costs up, benefits down, prevent buyers from meeting sellers

A sociologist's view

- Societal culture and norms are the main determinant of whether officials engage in corruption (Example: Zaidenweber)

- Policy interventions: organizational change, moral appeals

A psychologist's view

- Irrational calculation of costs and benefits

- Interpersonal differences (personality)

- Policy interventions: training, find the right "types"

Toward a unified model
(at least of sociological and economic approaches)

Returns to corruption = Benefits of corruption (**B**) – costs of corruption (**C**)

Benefits:

Costs:

Toward a unified model (2)

Returns to corruption = Benefits of corruption (**B**) – costs of corruption (**C**)

- **B** = opportunities for corruption (**o**) * financial gains per opportunity (**g**)

- **C** = [costs of getting punished (**s**) * p_1 (getting caught)] * p_2(getting punished if caught)]
  + psychic costs (**q**)[†]
  + social costs (**z**) [††]
  - punishment for being clean (**l**)[†††]

- Strategies for preventing corruption:
  o Reducing **o, g**
  o Increasing **s, p_1, p_2**
  o Increasing **q**
  o Increasing **z**
  o Reducing **l**

- Psychological strategies [not discussed here]
  o Getting "good" types into the organization and "bad" types out of the organization.
  o Getting people to think and plan financially

[†]Individual morality, guilt, etc.
.
[††]Ostracism from uncorrupt peers, etc.
[†††]Ostracism from corrupt peers, criticism from superiors, lack of prospective promotion, threats, etc.

Some common strategies for controlling corruption

Reducing opportunities (**o**)	• Eliminating bureaucracy and regulation • Isolation / sequestering (e.g., military units in MX) • Reduce discretion in spending / financial controls
Reducing gain per opportunity (**g**)	• Bidding for bribes (agencies compete)
Reducing the punishments for being clean within a corrupt organization (**I**)	• Whistleblower laws • Media coverage of whistleblowers • Organizational culture
Increasing the severity of punishment (**s**)	• Prison terms, death sentence, asset forfeiture
Increasing the chance of being punished if caught (p_2)	• Media • Ease of dismissal (labor laws for public employees) • Life tenure for judges • Independence of prosecutors • "Capacity building" for prosecutorial apparatus • Witness protection
Increase the probability of getting caught (p_1)	• More aggressive enforcement (wiretapping) • Vetting, background checks, recurrent polygraphing, etc. • "Illicit enrichment" / "inexplicable wealth" laws • Media openness and investigation • Sunshine laws, transparency legislation, eGovernment • Decentralization?
Increasing the psychic costs of engaging in corruption(**q**)	• Esprit de corps with the organization • Public morality campaigns

17.50 Introduction to Comparative Politics
Fall 2022