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MONEY AND POLITICS

WHAT DETERMINES MONEY IN POLITICS? PART 1

TAKING STOCK

- What are we talking about?
- Who is involved in money and politics, why, and how?
- What determines money in politics?
- What are the consequences of money in politics?
- How can we reduce money in politics? Should we?

TAKING STOCK

- **What are we talking about?**
- Who is involved in money and politics, why, and how?
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TAKING STOCK

- What are we talking about?
- Who is involved in money and politics, why, and how?
- What determines money in politics?
- What are the consequences of money in politics?
- How can we reduce money in politics? Should we?

WHO IS INVOLVED

- Bureaucrats and citizens
- Special Interests
- Lobbyists
- Politicians and voters

TAKING STOCK

- What are we talking about?
- Who is involved in money and politics, why, and how?
- What determines money in politics?
- What are the consequences of money in politics?
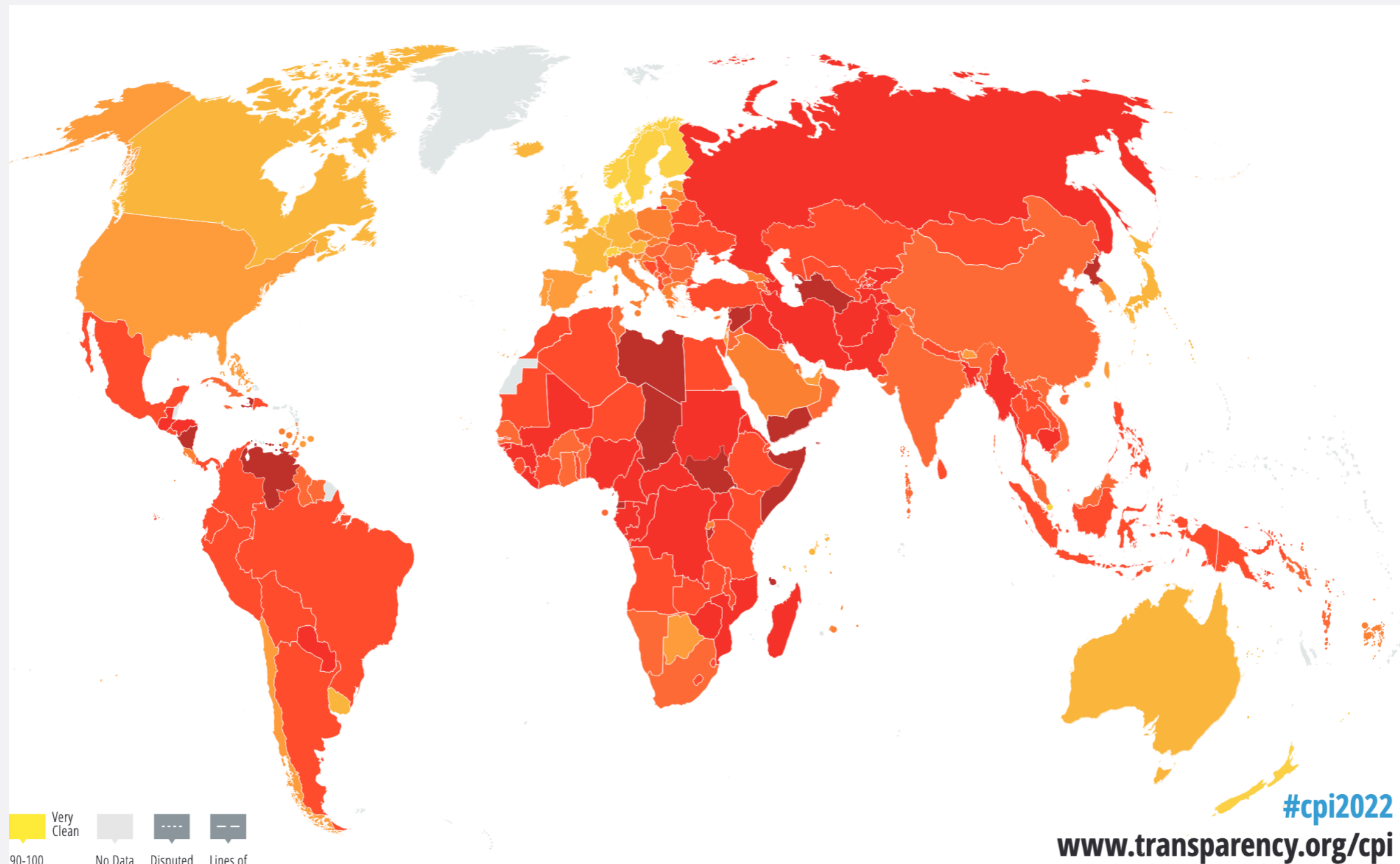- How can we reduce money in politics? Should we?

MONEY IN POLITICS

- **Why do some countries have more money in politics and others less?**

WHAT DETERMINES MONEY IN POLITICS?

- What is the effect of *culture* on how much corruption/money there is in politics?
- What is the effect of *political institutions* on how much corruption/money there is in politics?
- What impact do *voters* have on how much corruption/money there is in politics?

CULTURE AND MONEY IN POLITICS

- Culture: "A combination of values and norms that defines how individuals in a society behave and interact"

A CULTURE OF CORRUPTION

- "values and norms that define how individuals in a society interact"
  - In some societies, values/norms demand/allow for corruption
  - In others, not so much…

"BATTLE OF THE SEXES"

- A couple decides where to go out
- Options: Opera, football game
- To make it less stereotypical:
  - He prefers the opera
  - She prefers the football game
- Both prefer going out together rather than by themselves

UTILITIES

		Woman	
		Opera	**Football**
Man	**Opera**	Man: 3 Woman: 2	Man: 0 Woman: 0
	Football	Man: 0 Woman: 0	Man: 2 Woman: 3

UTILITIES

	Woman	
	Opera	**Football**
Opera	Man: 3 Woman: 2	Man: 0 Woman: 0
Football	Man: 0 Woman: 0	Man: 2 Woman: 3

Man

UTILITIES

	Woman	
	Opera	**Football**
Man / Opera	Man: 3 Woman: 2	Man: 0 Woman: 0
Man / Football	Man: 0 Woman: 0	Man: 2 Woman: 3

Man

UTILITIES

	Woman	
	Opera	**Football**
Opera	**Man: 3** Woman: 2	Man: 0 Woman: 0
Football	Man: 0 Woman: 0	Man: 2 Woman: 3

Man

UTILITIES

	Woman	
	Opera	**Football**
Opera	**Man: 3** Woman: 2	Man: 0 Woman: 0
Football	Man: 0 Woman: 0	**Man: 2** Woman: 3

Man

UTILITIES

		Woman	
		Opera	**Football**
Man	**Opera**	**Man: 3** Woman: 2	Man: 0 Woman: 0
	Football	Man: 0 Woman: 0	**Man: 2** Woman: 3

UTILITIES

	Woman	
	Opera	**Football**
Opera	**Man: 3** **Woman: 2**	Man: 0 Woman: 0
Football	Man: 0 Woman: 0	**Man: 2** **Woman: 3**

Man

UTILITIES

	Woman	
	Opera	**Football**
Opera	Man: 3 Woman: 2	Man: 0 Woman: 0
Football	Man: 0 Woman: 0	Man: 2 Woman: 3

Man

"NASH EQUILIBRIUM"

		Woman	
		Opera	**Football**
Man	**Opera**	**Man: 3** **Woman: 2**	Man: 0 Woman: 0
	Football	Man: 0 Woman: 0	**Man: 2** **Woman: 3**

COORDINATION GAMES

UTILITIES

Public Official

		Honest	Corrupt
Citizen	**Honest**	Citizen: 3 Official: 1	Citizen: 0 Official: -2
	Corrupt	Citizen: -2 Official: 0	Citizen: 1 Official: 3

UTILITIES

Public Official

	Honest	Corrupt
Honest	Citizen: 3 Official: 1	Citizen: 0 Official: -2
Corrupt	Citizen: -2 Official: 0	Citizen: 1 Official: 3

Citizen

UTILITIES

Public Official

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Honest	Citizen: 3 Official: 1	Citizen: 0 Official: -2
Corrupt	Citizen: -2 Official: 0	Citizen: 1 Official: 3

Citizen

UTILITIES

	Public Official	
	Honest	**Corrupt**
Honest	Citizen: 3 Official: 1	Citizen: 0 Official: -2
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Citizen

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	Public Official	
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Honest	Citizen: 3 Official: 1	Citizen: 0 Official: -2
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Citizen

NASH EQUILIBRIUM

	Public Official	
	Honest	**Corrupt**
Honest	Citizen: 3 Official: 1	Citizen: 0 Official: -2
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Citizen

COORDINATION GAME

COORDINATION GAME

They also allege that Maguire told police: "Do you know who I am? I am the captain of **Manchester United**, I am very rich, I can give you money, I can pay you, please let us go."

COORDINATION GAME

They also allege that Maguire told police: "Do you know who I am? I am the captain of **Manchester United**, I am very rich, I can give you money, I can pay you, please let us go."

Harry Maguire has been found guilty of aggravated assault, resisting arrest and attempted bribery by a three-member misdemeanours court convening on the Greek island of Syros.

UNITED NATIONS

- United Nations in NYC
- Diplomatic immunity
- Until 2002, would shield them from paying parking tickets

UNITED NATIONS

- 1997-2002:
  - More than 150,000 unpaid tickets
  - Outstanding fines of more than $18 million

UNITED NATIONS

TABLE 1

AVERAGE UNPAID ANNUAL NEW YORK CITY PARKING VIOLATIONS PER DIPLOMAT, NOVEMBER 1997 TO NOVEMBER 2005

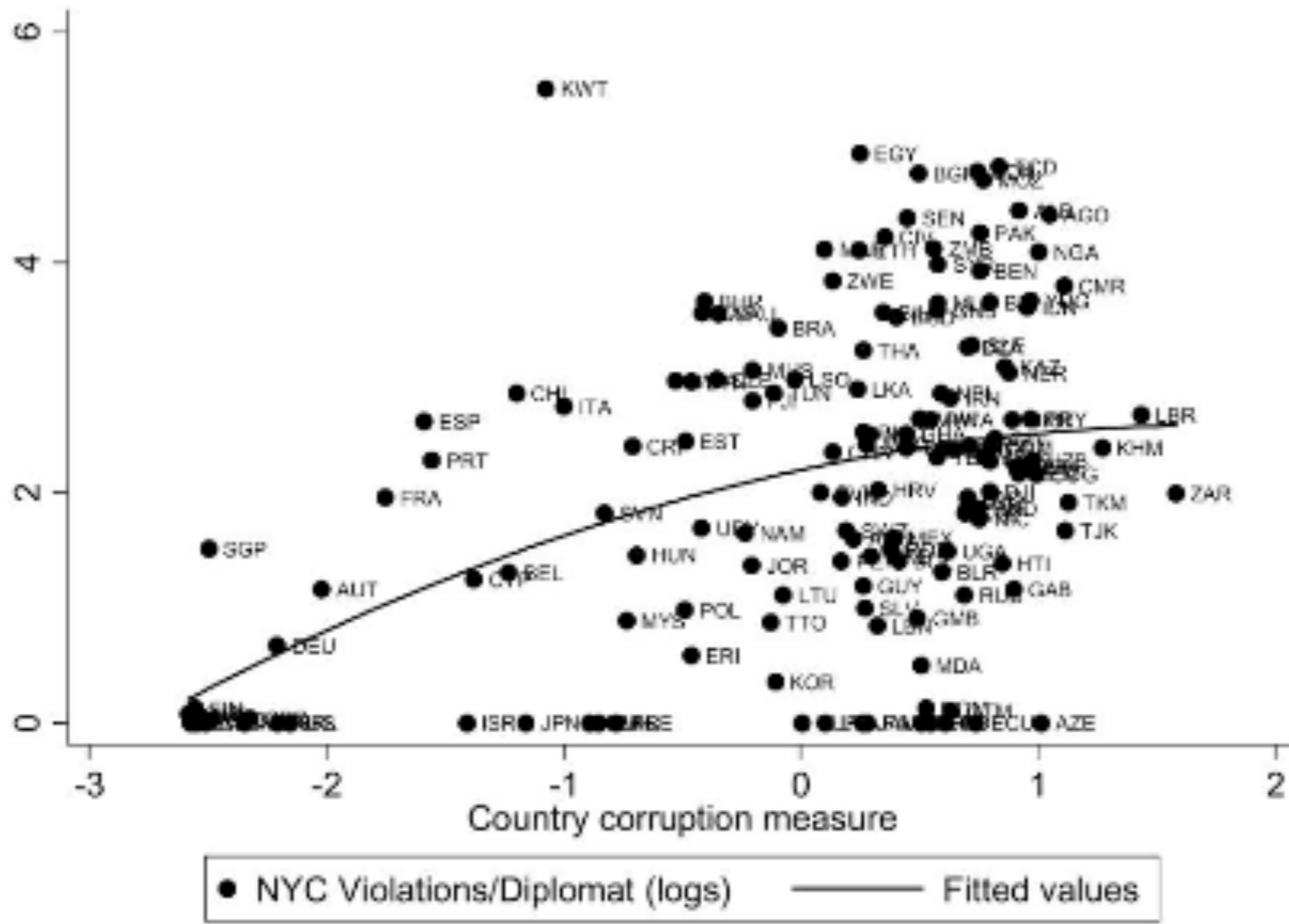| Parking Violations Rank	Country Name	Violations per Diplomat, Pre-enforcement (11/1997–11/2002)	Violations per Diplomat, Postenforcement (11/2002–11/2005)	UN Mission Diplomats in 1998	Corruption Index, 1998	Country Code
1	Kuwait	249.4	.15	9	−1.07	KWT
2	Egypt	141.4	.33	24	.25	EGY
3	Chad	125.9	.00	2	.84	TCD
4	Sudan	120.6	.37	7	.75	SDN
5	Bulgaria	119.0	1.64	6	.50	BGR
6	Mozambique	112.1	.07	5	.77	MOZ
7	Albania	85.5	1.85	3	.92	ALB
8	Angola	82.7	1.71	9	1.05	AGO
9	Senegal	80.2	.21	11	.45	SEN
10	Pakistan	70.3	1.21	13	.76	PAK
11	Ivory Coast	68.0	.46	10	.35	CIV
12	Zambia	61.2	.15	9	.56	ZMB
13	Morocco	60.8	.40	17	.10	MAR
14	Ethiopia	60.4	.62	10	.25	ETH
15	Nigeria	59.4	.44	25	1.01	NGA
16	Syria	53.3	1.36	12	.58	SYR
17	Benin	50.4	6.50	8	.76	BEN
18	Zimbabwe	46.2	.86	14	.13	ZWE
19	Cameroon	44.1	2.86	8	1.11	CMR
20	Montenegro and Serbia	38.5	.05	6	.97	YUG
21	Bahrain	38.2	.65	7	−.41	BHR
22	Burundi	38.2	.11	3	.80	BDI

UNITED NATIONS

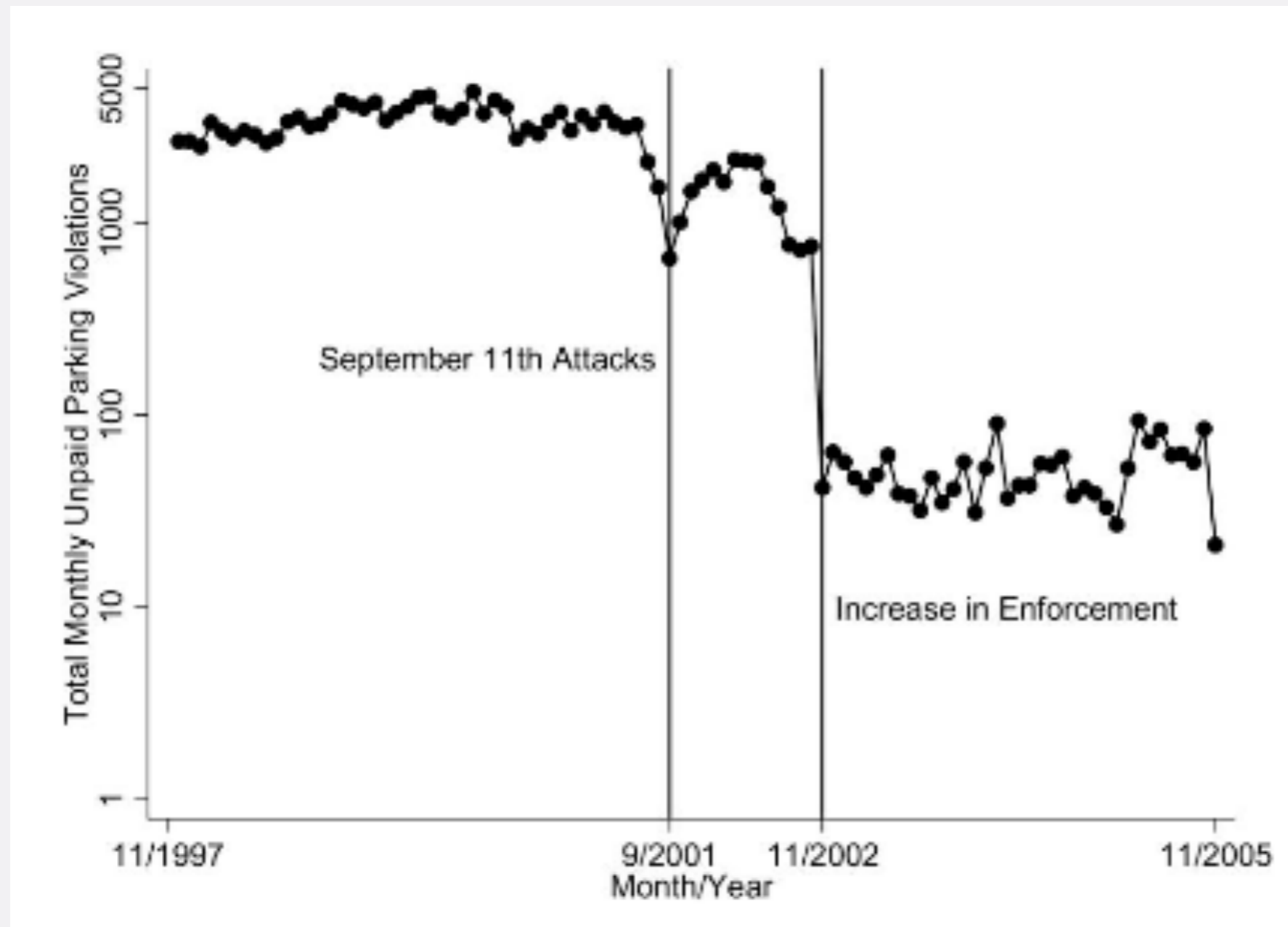| 128 | United Kingdom | .0 | .01 | 31 | −2.33 | GBR |
129	Netherlands	.0	.10	17	−2.48	NLD
130	United Arab Emirates	.0	.00	3	−.78	ARE
131	Australia	.0	.03	12	−2.21	AUS
132	Azerbaijan	.0	.98	5	1.01	AZE
133	Burkina-Faso	.0	.20	5	.51	BFA
134	Central African Republic	.0	.00	3	.55	CAF
135	Canada	.0	.00	24	−2.51	CAN
136	Colombia	.0	.00	16	.61	COL
137	Denmark	.0	.02	17	−2.57	DNK
138	Ecuador	.0	.00	9	.74	ECU
139	Greece	.0	.11	21	−.85	GRC
140	Ireland	.0	.07	10	−2.15	IRL
141	Israel	.0	.09	15	−1.41	ISR
142	Jamaica	.0	.00	9	.26	JAM

TABLE 1
(Continued)

Parking Violations Rank	Country Name	Violations per Diplomat, Pre-enforcement (11/1997–11/2002)	Violations per Diplomat, Postenforcement (11/2002–11/2005)	UN Mission Diplomats in 1998	Corruption Index, 1998	Country Code
143	Japan	.0	.01	47	−1.16	JPN
144	Latvia	.0	.00	5	.10	LVA
145	Norway	.0	.00	12	−2.35	NOR
146	Oman	.0	.26	5	−.89	OMN
147	Panama	.0	.00	8	.28	PAN
148	Sweden	.0	.00	19	−2.55	SWE
149	Turkey	.0	.00	25	.01	TUR

NOTE.—The corruption index is from Kaufmann et al. (2005). A higher score in the corruption index denotes more corruption.

UNITED NATIONS

Figure with x-axis "Country corruption measure" ranging from -3 to 2, and y-axis ranging from 0 to 6. Legend: • NYC Violations/Diplomat (logs) — Fitted values.

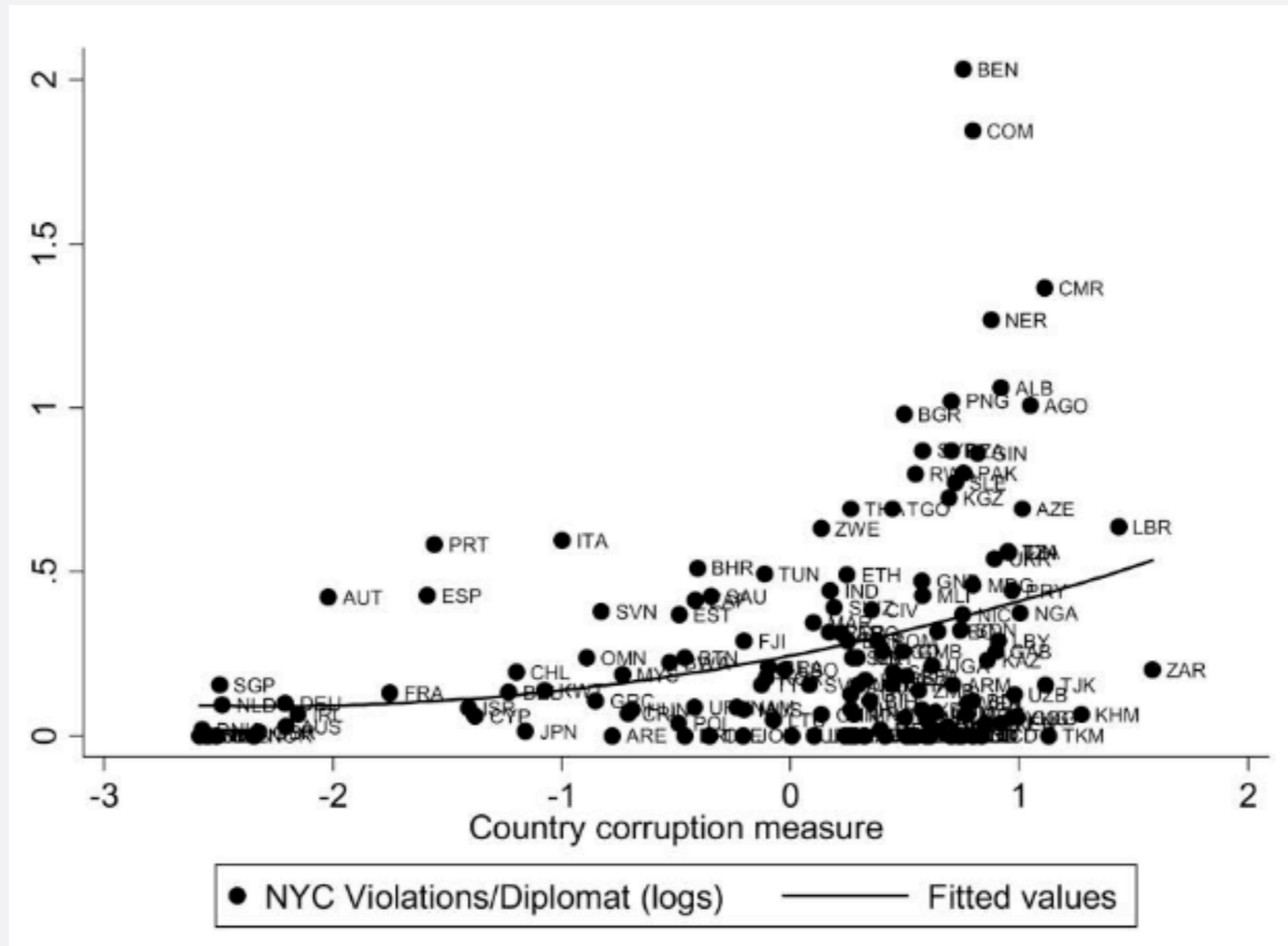# UNITED NATIONS

UNITED NATIONS

- **With increased enforcement**

CULTURE AND CORRUPTION

- **Strict laws can break corruption as equilibrium culture**
- **NYC: Strict law imposed by someone else**
- **Problem: People immersed in "corrupt culture" have to change the laws themselves**
  - Need to change everyone's behavior, and everyone's expectation about how others will behave

CULTURE AND CORRUPTION

- Are certain cultures more corrupt?
  - e.g. are people of some religion (inherently) more corrupt than others? Are people of some ethnicity (inherently) more corrupt than others?

CULTURE AND CORRUPTION

Table 2
Determinants of perceived corruption[a]

	1996 (TI: WLS)				
	(1)	(2)	(3)	(4)	(5)
Common law system	− 1.93**	0.47	0.85*	0.51	0.51
	(0.85)	(0.53)	(0.42)	(0.35)	(0.39)
Former British colony or UK	− 0.40	− 1.64***	− 1.56***	− 0.90***	− 0.92***
	(0.73)	(0.44)	(0.27)	(0.30)	(0.30)
Never a colony	− 0.33	− 0.34	− 0.12	− 0.04	− 0.00
	(0.71)	(0.50)	(0.36)	(0.23)	(0.25)
Percent Protestant 1980	− 0.05***	− 0.03***	− 0.01*	− 0.01**	− 0.01
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Ethnolinguistic Division	0.03	0.00	0.01	0.01	0.00
	(0.02)	(0.01)	(0.01)	(0.00)	(0.01)
Fuel, metal, and minerals exports	0.03**	0.01	0.01	0.00	− 0.00
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Log GDP per capita		− 4.57***	− 5.14***	− 4.76***	− 4.23***
		(0.45)	(0.33)	(0.34)	(0.75)
Federal			1.16***	1.04***	0.76**
			(0.30)	(0.23)	(0.28)
Uninterrupted democracy 1950–1995			− 1.04**	− 1.49***	− 1.51***
			(0.45)	(0.31)	(0.38)
Imports/ GDP (%)				− 0.02***	− 0.01**
				(0.00)	(0.01)
State intervention					− 0.58**
					(0.25)
Government wage					− 0.03
					(0.23)
Government turnover					− 0.44
					(0.50)
Constant	4.35***	22.7***	25.0***	24.2***	24.4***
	(0.71)	(1.82)	(1.31)	(1.24)	(2.69)
R^2	0.7117	0.9044	0.9421	0.9603	0.9666
N	47	47	47	45	36

CULTURE AND CORRUPTION

- Land sale for development
- 4 newly founded companies
  - Company principals include leading state politicians, Supreme Court justice
- State assembly sells large quantities of public land for way below market value
  - Many legislators are offered shares in those 4 companies
  - Or received bribes

CULTURE AND CORRUPTION

The **Yazoo** land **scandal**, **Yazoo** fraud, **Yazoo** land fraud, or **Yazoo** land controversy was a massive real-estate fraud perpetrated, in the mid-1790s, by Georgia governor George Mathews and the Georgia General Assembly.

Yazoo land scandal - Wikipedia

https://en.wikipedia.org/wiki/Yazoo_land_scandal

CULTURE AND CORRUPTION

- When Count de Vergennes, the newly arrived French envoy to ___, wrote home to Paris, he depicted the political culture of ___ in the starkest colours. In particular there were phenomena that he referred to as so serious so as to be likened to infectious diseases inflicting damage to the body polity. (…) The second was 'corruption', which he thought had 'infected all estates of ___, or rather the nation's entire mass'

CULTURE AND CORRUPTION

- When Count de Vergennes, the newly arrived French envoy to Stockholm, wrote home to Paris (in 1771), he depicted the political culture of Sweden in the starkest colours. In particular there were phenomena that he referred to as so serious so as to be likened to infectious diseases inflicting damage to the body polity. (…) The second was 'corruption', which he thought had 'infected all estates of Swedes, or rather the nation's entire mass'

SUMMARY

- "Culture of corruption" clearly exists
  - Coordination game on corrupt or non-corrupt equilibrium
- Not clear whether some cultures are inherently more corrupt than others
  - Maybe not...

WHAT DETERMINES MONEY IN POLITICS?

- **What is the effect of *culture* on how much corruption/money there is in politics?**
- *What is the effect of political institutions on how much corruption/money there is in politics?*
- **What impact do *voters* have on how much corruption/money there is in politics?**

INSTITUTIONS

- **What kinds of institutions could cause corruption to be higher/lower?**

INSTITUTIONS

- Democracy vs. autocracy
- Presidential vs. parliamentary system
- First-past-the-post vs. proportional electoral system
- Centralized vs. federal states
- etc.

INSTITUTIONS

- **Democracy vs. autocracy**
- Presidential vs. parliamentary system
- First-past-the-post vs. proportional electoral system
- Centralized vs. federal states
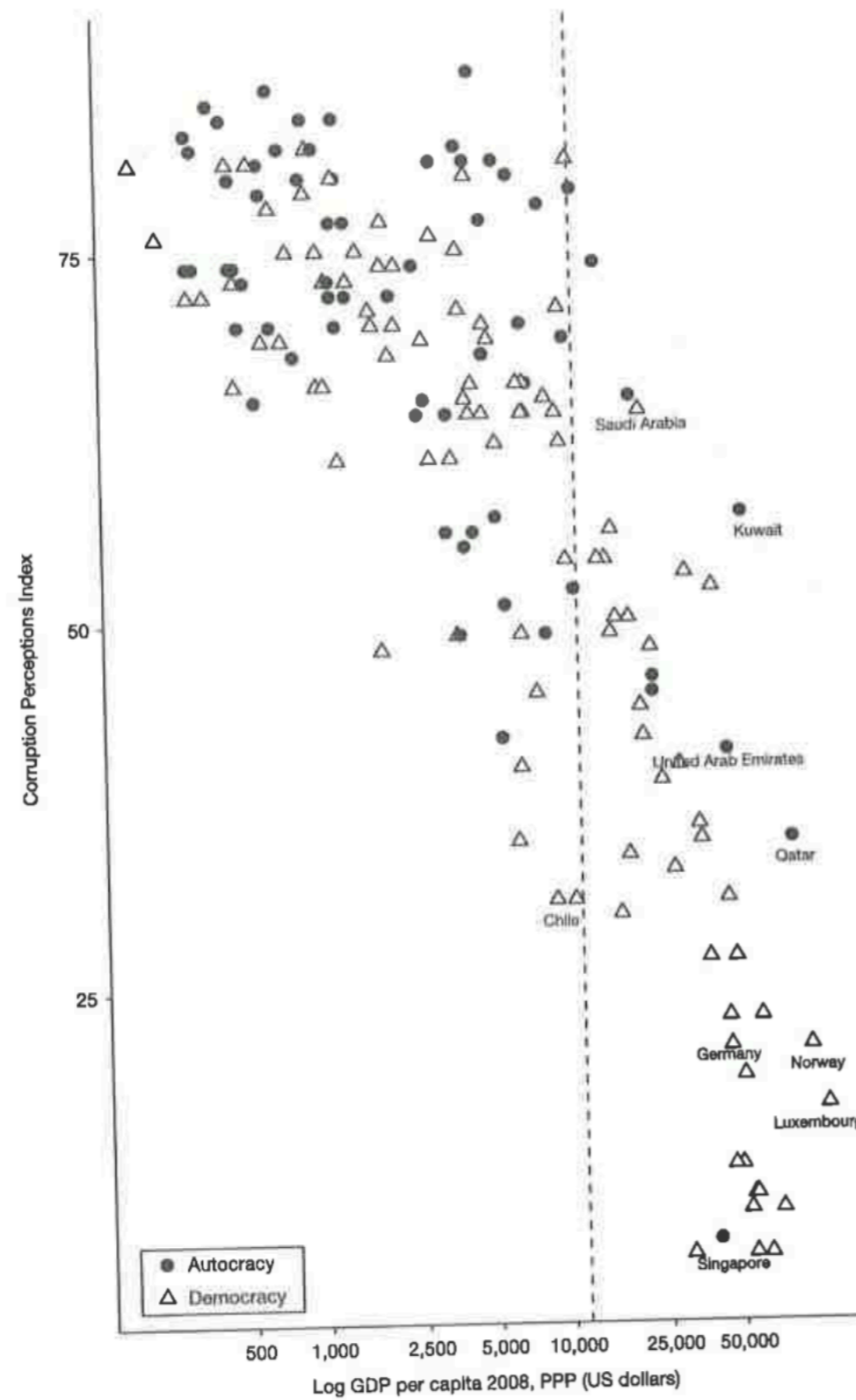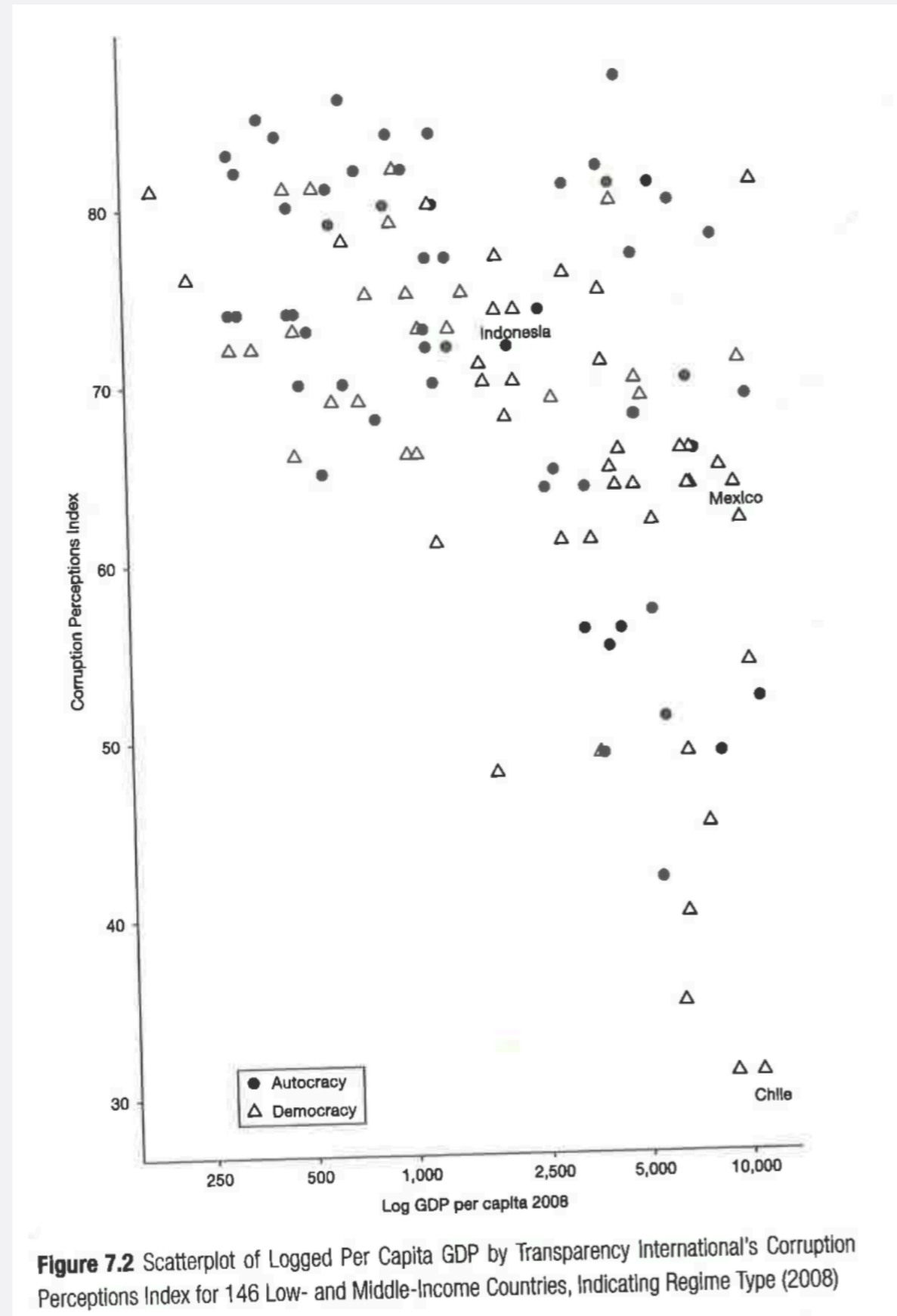- etc.

INSTITUTIONS

Figure 7.1 Scatterplot of Logged Per Capita GDP by Transparency International's Corruption Perceptions Index for 164 Countries, Indicating Regime Type (2008)

INSTITUTIONS

Figure 7.2 Scatterplot of Logged Per Capita GDP by Transparency International's Corruption Perceptions Index for 146 Low- and Middle-Income Countries, Indicating Regime Type (2008)

INSTITUTIONS

- Reasons for why we should expect democracies to be *less* corrupt than autocracies?
- Reasons for why we should expect democracies to be *more* corrupt than autocracies?

AUTHORITARIANS AGAINST CORRUPTION

- Lee Kuan Yew (LKY)
- Prime Minister of Singapore, 1959-1990
- High corruption when taking office
- Introduced comprehensive anti-corruption policy

AUTHORITARIANS AGAINST CORRUPTION

Journal of **CONTINGENCIES AND CRISIS MANAGEMENT**

🔓 **Full Access**

Combating Corruption in Singapore: What Can Be Learned?

Score		Country	Rank
90	⬆	Denmark	1
87	⬇	Finland	2
87	⬇	New Zealand	2
84	⬇	Norway	4
83	⬇	Singapore	5
83	⬇	Sweden	5

AUTHORITARIANS AGAINST CORRUPTION

Anti-corruption campaign under Xi Jinping
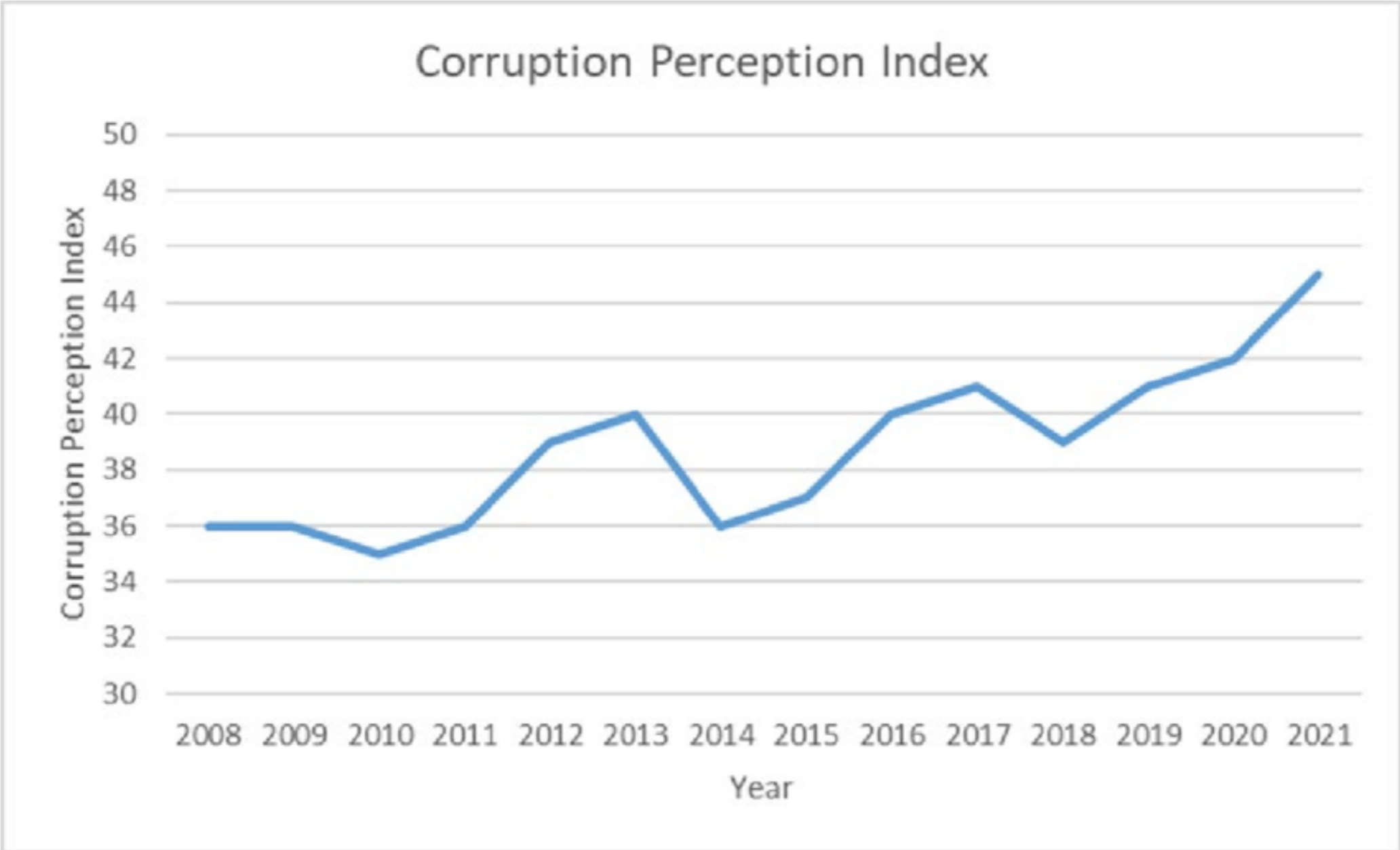
Article   Talk

From Wikipedia, the free encyclopedia

あ ➡ A   You can help **expand this article with text translated from** the correspo[n]
Chinese. *(March 2023)* Click [show] for important translation instructions.

A far-reaching **anti-corruption campaign** began in China following the conclusion of the 18th National Congress of the Chinese Communist Party (CCP) in 2012. The campaign, carried out under the aegis of Xi Jinping, General Secretary of the Chinese Communist Party, was the largest organized anti-corruption effort in the history of CCP rule in China.

Upon taking office, Xi vowed to crack down on "tigers and flies", that is, high-level officials and local civil servants alike. Most of the officials investigated were removed from office and faced accusations of bribery and abuse of power, although the range of alleged abuses varied widely. The campaign 'netted' over 120 high-ranking officials, including about a dozen high-ranking military officers, several senior executives of state-owned companies, and five national leaders.[1][2] As of 2023, approximately 2.3 million government officials have been prosecuted.[3]:129 The campaign is part of a much wider drive to clean up malfeasance within party ranks and shore up party unity. It has become an emblematic feature of Xi Jinping's political brand.

AUTHORITARIANS AGAINST CORRUPTION

COMPETITIVE CORRUPTION
Factional Conflict and Political Malfeasance in Postwar Italian Christian Democracy

By MIRIAM A. GOLDEN and ERIC C. C. CHANG*

We demonstrate that the unusually high levels of corruption observed in postwar Italy were in part an outgrowth of specific features of the open-list proportional representation electoral system in use there, features that promoted conflict between candidates from the same party. To document this, we assemble a database measuring intraparty competition in the country's dominant political party, Christian Democracy. We analyze this in conjunction with a data set that we assembled on charges of malfeasance against DC members of parliament. The analysis shows that beginning in the early 1970s, a significant statistical relationship existed between intraparty conflict in the ruling Christian Democratic Party and the extent of suspected malfeasance among DC members of Italy's Chamber of Deputies. Our analysis also finds that

COST OF ELECTIONS

Who Cheats? Who Loots? Political Competition and Corruption in Japan, 1947–1993

Benjamin Nyblade   University of British Columbia
Steven R. Reed   Chuo University

When do politicians resort to corrupt practices? This article distinguishes between two types of corruption by politicians: illegal acts for material gain (looting) and illegal acts for electoral gain (cheating). Looting generally involves a politician "selling" influence while cheating involves a politician "buying" votes. Individual-level analyses of new data on financial scandals and election law violations in Japan show that the determinants of cheating differ from the determinants of looting. Most notably, political experience and electoral security increase the probability of looting, but electoral insecurity combined with intraparty competition increases the probability of cheating.