

Political Corruption: Causes, Consequences, and Control

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Introduction to the Course:

As one of the oldest and most perplexing phenomena in human society, political corruption exists in almost every country in the contemporary world. Social scientists and policy makers have long been baffled by the relationship between corruption and political and economic development and the question of how to successfully contain corruption. Conventional wisdom is that corruption harms rule of law, demoralizes the society, and inhibits economic growth. But it is more often assumed than tested and proven. Much has been written about political corruption. Yet many questions still remain. In this class, we will address five sets of broad questions that are most common in the discourse on corruption and governance:

- (1) *Definition of Corruption:* Is the concept of corruption universal? Is it possible to find a commonly accepted and applicable definition of corruption? Should there be a universal standard of “good governance”?
- (2) *Causes of Corruption:* What are the possible causes of political corruption in general? What are the causes of corruption in different types of regimes? Is there a general theory of corruption?
- (3) *Patterns of Corruption:* What are the various patterns of political corruption in countries of different political and economic development? How does it occur? In what form?
- (4) *Consequences of Corruption:* How does corruption affect social and economic development? Why has corruption inhibited economic growth and democratization in some countries but not others? Can corruption be “efficient” and “positive”?
- (5) *Control of Corruption:* Can corruption be controlled? If so, how? What are the most effective ways to reduce, contain, and eliminate corruption?

This intensive class will introduce students to theories and key social science debates on the causes and effects of political corruption. Through discussions about whether corruption hurts economic development and political stability, this class will provide a better understanding of the impact of corruption on bureaucracy, the economy, and society at large. At the end of the class, we will make an assessment for mapping out strategies and codes of conduct to control corruption.

Required readings:

Please note weekly readings are to be done prior to the class meeting of each week.

1. Arnold Heidenheimer and M. Johnston eds. *Political Corruption: Concepts and Contexts*. Transaction Publishers, 2006.
2. Rose-Ackerman, Susan, *Corruption and Government*, Cambridge University Press, 1999.
3. Michael Johnston, *Syndromes of Corruption*, Cambridge University Press, 2005.
4. Klitgaard, Robert, *Controlling Corruption* Berkeley: University of California Press, 1988.

Recommended readings:

1. David Kang, *Crony Capitalism, Corruption and Development*, New York: Cambridge University Press, 2002.
2. Scott, James. 1972. *Comparative Political Corruption*. Englewood Cliff, NJ: Prentice-Hall Inc.
3. Johann Lambsdorff, *the Institutional Economics of Corruption and Reform*, Cambridge, 2007.
4. Huntington, Samuel. 1968. *Political Order in Changing Societies*. New Haven and London: Yale University Press.

The instructor will provide the required readings on the class website.

I. Conception, Perception, and Definition

Lecture One: What is Corruption? Corruption Perceptions across Time and Countries

Definitions of corruption

- a. Public-interest-centered definitions.
- b. Market-centered definitions.
- c. Public-office-centered definitions.

How is corruption perceived in different societies and at different times? Is there a universal standard for defining what is corrupt?

Cases: gift-giving vs. bribery, *guanxi* (connection) and corruption

Readings:

Heidenheimer, *Political Corruption*, pp.3-136, 139-191; 885-905.

Chan Sup Chang and others, "Offering Gifts or Offering bribes? Code of Ethics in South Korea" *Journal of Third World Studies*, Spring 2001

Ling Li, "Performing Bribery in China: *guanxi*-practice, corruption with a human face", *Journal of Contemporary China*, v20, n68, 2011.

II. Explaining Corruption

Lecture Two: Regime, Institutions, and Corruption

Mainly historical-sociological approach to explaining causes of corruption.

Readings:

Heidenheimer, *Political Corruption*, pp.195-248, 251-279.

Samuel Huntington, 1968, *Political Order in Changing Societies*, pp. 1-78.

Lecture Three: Economy, Market, and Corruption

Economic approach to explaining corruption, which is based on the rational choice assumptions.

(1) Micro-economic approach: game theoretical model on "transaction costs" and the principle-agent model.

(2) Macro-economic approach: the rent-seeking theory

Readings:

Klitgaard, pp.52-97.

Rose-Ackerman, pp. 1-25.

Krueger, Ann. 1974. "The Political Economy of the Rent-Seeking Societies." *American Economic Review*, v64, n3, pp291-303.

Kiser, Edgar, and Xiaoxi Tong. 1992. "Determinants of the Amount and Type of Corruption in State Fiscal Bureaucracies: An Analysis of Late Imperial China." *Comparative Political Studies* 25 (3): 300-331.

UNDP on "Economic Causes of Corruption" (class website).

Lecture Four: Society, Culture, and Corruption

(1) The socio-structural approach.

(2) The psychological and attitudinal approach.

Readings:

Heidenheimer, pp.539-558.

Robert Klitgaard, "On Culture and Corruption", unpublished paper, July 2017.

P. Steidmeier and others, "Gift giving, Bribery and Corruption: Ethical Management of Business Relationships in China," *Journal of Business Ethics*, v.20, n.2 (1999)

Wayne Sandholtz and Rein Taagepera, "Corruption, Culture, and Communism," *International Review of Sociology*, v.15, n.1, March, 2005, pp109-131.

Seymour Martin Lipset and Gabriela Lenz, "Corruption, Culture and Markets," in L. Harrison and S. Huntington eds, *Culture Matters*, 2000. Basic Books.

III. Patterns of Corruption

Lecture Five: Corruption in Developing Countries

(1) Personal rule and kleptocracy

(2) Crony-capitalism

(3) Rent-seeking and booty capitalism

(4) Rentier state and "natural resources curse"

Readings:

Heidenheimer, *Political Corruption*, pp.375-460.

Additional articles and papers

Lecture Six: Corruption in Transition and Emerging Economies

(1) Informal relations and modes of operation.

(2) Privatization of the state.

(3) Rent-seeking in the emerging markets.

(4) Organized crime and corruption.

Readings:

Heidenheimer, *Political Corruption*, pp. 535-537, pp.559-620.

Johnston, pp.120-184.

Additional articles and papers.

Lecture Seven: Democracy, Democratization and Corruption

- (1) Political scandals and electoral politics
- (2) Public contracts and rent-seeking
- (3) Influence peddling

Readings:

Heidenheimer, pp. 623-794.

Rose-Ackerman, pp. 127-142.

M. Johnston, pp60-119.

IV. Consequences of Corruption

Lecture Eight: Political and Economic Consequences of Corruption

Readings:

Heidenheimer, *Political Corruption*, pp. 281-300.

Rose-Ackerman, pp.143-174.

Mitchell Seligson, "The Measurement and Impact of Corruption: Victimization: Survey Evidence from Latin America", *World Diplomat*, v. 34, n 2, pp. 381–404, 2006

Hanne Fjelde and Havard Hegre, "Political Corruption and Institutional Stability," unpublished paper, 2007.

Svetlozar Andreev, "Corruption, Legitimacy, and the Quality of Democracy and Eastern Europe and Latin America", *Review of Sociology*, v14, n2, 2008.

Eric Chang and Yunhan Chu, "Corruption and Trust: Exceptionalism in Asian Democracies?", *Journal of Politics*, v68, n2, 2006. Pp259-271.

Heidenheimer, pp. 303-371.

David Kang, *Crony Capitalism, Corruption and Development*, pp1-181.

V. Corruption Control

Lecture Nine: Reduce Corruption: Theory and Practice

How to reduce corruption has been a theoretical and policy challenge in the contemporary world. In this lecture we explore some international and domestic best practices against corruption, examining the reasons for success and failure of anti-corruption efforts.

Readings:

Klitgaard, pp. 98-210.

Heidenheimer, pp. 909-959.

Rose-Ackerman, pp. 175-222.

Johnson, chapter 8

Additional articles and papers.