1 Electoral Rules and Constitutional Structures as Constraints on Corruption

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1 Introduction

Elections serve two functions in representative democracies. First, they select political actors who enact public policies in the light of constituents’ preferences. Second, they permit citizens to hold their representatives accountable and to punish them if they enrich themselves in corrupt or self-serving ways. In other words, elections provide both incentives for politicians to enact certain kinds of policies and constraints on politicians’ malfeasance. In this chapter, we focus on the second of these two functions and investigate how different electoral systems constrain corrupt rent-seeking, holding constant other political, economic and social factors.

We study three stylized categories of electoral rules: plurality-majoritarian systems with single-member districts (PLURALITY), and two kinds of proportional representation (PR) systems: closed- and open-list (CLPR and OLPR). Under a closed-list system, party leaders rank candidates, and voters only cast votes for parties. Under an open list, voters both select a party and rank candidates given the party’s selection of candidates. In contrast to PR systems, voters under PLURALITY rule both cast their ballots for specific candidates and elect a single representative from their district of residence.

The control of corrupt political rent-seeking depends both on the locus of rents and on whether any actors have both the incentives and the ability to monitor those politicians with access to rents. We argue that PLURALITY and PR systems differ in two ways. First, the locus of corrupt opportunities differs. Under PR, the party leadership can more effectively concentrate corrupt opportunities in its own hands, so individual legislators have relatively fewer rent-seeking opportunities. Under PLURALITY rule, party leadership does not have as much power over the individual legislators as in PR systems, so the

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locus of rents in PLURALITY is more evenly divided between the party leadership and individual legislators. Second, under PLURALITY, the monitoring of rent seekers is likely to be more stringent than the monitoring of rent seekers under PR.

Although our primary focus is on the methods by which the legislature is chosen, we also recognize that a complete model should include other institutional features of a political system such as the level of individual freedom, presidentialism/parliamentarism, federalism, bicameralism, and the strength of parties. We examine the interaction between presidentialism and electoral rules and include other institutional variables, most notably federalism and individual freedom and rights, as controls in our empirical work.

Our research stands at the intersection of two broad literatures: one examining electoral rules and their effects, and the other attempting to explain political corruption. Electoral rules have been shown to affect the incentives of political actors to organize and hence the number of political parties, as well as the way in which parties and politicians compete for votes, producing individualistic personalistic versus party-centered systems. Theoretical arguments conclude that, in established democracies with national parties, PLURALITY rule tends to produce two major parties; in contrast, PR produces several competing parties. In addition, electoral rules are believed to affect party discipline: where politicians have incentives to cultivate a personal vote, party discipline will be low. We build on these stepping stones. We argue that electoral rules help determine the interaction between voters and organized political actors as well as the dynamic among and within political parties. As a result, electoral rules affect the incentives and ability of voters and opposition politicians to organize and to monitor the corruption of incumbents.

The chapter is organized as follows. Section 2 clarifies what we mean by corrupt political rent-seeking and distinguishes between this type of corruption and pork-barrel spending. Then in Section 3 we present our basic theoretical argument about the link between electoral rules and corrupt rent-seeking followed by Section 4 where we add presidentialism to this framework. We state our hypotheses in Section 5, describe the data and methods used to test them in Section 6, and in Section 7 present the results of the regression analysis. We conclude in Section 8 with a discussion placing our results in the context of recent contributions to the literature.

2 Defining corruption

Corruption is an elusive phenomenon that is difficult to capture in a single crisp definition. Researchers have made numerous attempts to do so, but each has its own problems (Lancaster and Montinola 1997). Our own approach views corruption as both a moral and a legal category. We emphasize the institutional roots of corruption under the presumption that changes in institutional structures will change the incentives for self-dealing. We focus on