

## COMPARATIVE POLITICS SEMINAR: CORRUPTION

POLSW3952

TIMOTHY FRYE

R 9-10:50 in 711 IAB

Spring 2011

### DRAFT

Professor Timothy Frye  
Department of Political Science  
1214 International Affairs Building  
tmf2@columbia.edu – e-mail preferred.  
Office hours: M 11-12, or by appointment.

#### Introduction

Over the past 20 years scholars, policymakers, and academics have devoted increasing attention to the rule of law and corruption as obstacles to economic development. This body of research has raised many interesting questions. What do we mean by “corruption” and the “rule of law”? How can we study “illegal” activity? Can anything be done about it? These questions will be at the center of our attention. We will examine debates about the sources and consequences of corruption and the rule of law. We will also explore theories of corruption and legal development rooted in politics, culture, institutions, economic endowments, and society. One goal is to assess different theories of the rule and law and corruption. Another goal is to design policies based on these arguments. The syllabus should serve as a guide and may be revised depending on student interest and expertise. The suggested readings are designed to help generate ideas for your research papers.

Some of the readings rely on quantitative analyses, but this is not a course in econometrics. In reading pieces with quantitative analyses, you should try to grasp the logic of the argument which can be done without recourse to econometrics. I will give guidance on how to read these papers.

The readings are designed to introduce you to important topics in the study of corruption. If there are related topics that you would like to see on the syllabus, please feel free to make suggestions. The course is designed to help you educate yourself.

#### Requirements:

One Research Paper	60%
Presentation	20%
Participation	20%

#### Research Papers

Students will write a research paper that examines a debate broadly related to corruption, the rule of law, and/or economic development. Students have great freedom to choose the topic. One common approach is to examine variation in the extent of corruption between two countries.

For example, students may compare two countries and ask: “Why is corruption higher in Russia than in neighboring Estonia? Alternatively, they may explore whether the expansion of markets promotes or inhibits corruption. Papers that make policy prescriptions based on a debate in the literature are also welcome. For example, students may examine attempts to combat corruption, such as the

Financial Action Task Force's efforts to reduce money laundering or the World Bank's various programs to promote the rule of law. Students may examine why countries seek different legal solutions to similar problems. They may also explore why people obey the law. Students can conduct their own surveys to measure corruption and legality or they may analyze media coverage of issues related to corruption. We will talk more about the paper as the semester unfolds, but it is helpful to start thinking about topics for the research paper early.

### **Participation**

Active participation in the seminar is essential. Each student should be prepared to discuss each work on the syllabus. You should be able to summarize each work, discuss its strengths and weaknesses, and relate it to broader debates on corruption and the rule of law.

In weeks 2-11 you will circulate a paragraph to the class via e-mail by Tuesday at 5:00 based on the readings. These paragraphs should help stimulate discussion. You will also be asked to make comments on each other's paper proposals at various stages in the writing process. Feel free to ask me how you are doing on your participation grade at any time.

### **Presentation**

Each week, 15-30 minutes of the course will be devoted to presentations by students on questions that are posed on the syllabus. These presentations should be 15 minutes each, and should be presented using slides. In general, weak presentations will simply summarize the readings ("Smith says x, Jones says y"). Strong presentations will

Describe any key conceptual issues that must be addressed by work on the question (e.g., a presentation on inequality might discuss different ways of conceptualizing inequality);

Describe the central arguments/debates in the literature on the question (e.g., a presentation on corruption might focus on different types of variables –such as regime type, decentralization, level of development -- that influence corruption levels);

Describe thorny methodological issues that bedevil work on the question (e.g., a presentation on politics and corruption might discuss the problems created by the small-n nature of the phenomenon).

Offer criticisms and/or suggest pathways for future research.

To help students get started, the syllabus lists a reading or two. These might serve as a place to begin, but students should also do their own bibliographic research. Students should post their presentations on the "Lecture" section of CourseWorks. They should also create a bibliography of the works they have consulted.

**Required Reading** available through Book Culture 536 W. 112<sup>th</sup> between Broadway and Amsterdam.

1) William L. Riordan and Terrence J. McDonald. *Plunkitt of Tammany Hall: A Series of Very Plain Talks on Very Practical Politics*. 1993. Bedford Books. St. Martins. 9780312084448

2) Robert Putnam *Making Democracy Work*, Princeton University Press, 1993 ISBN 9780691037387

**Academic Honesty:** All of the work you do in this course is expected to be your own. No cheating or plagiarism (using someone else's words or ideas without proper attribution). Any cases of

cheating or plagiarism will be handled according to university policy. If you have any questions about what needs to be cited and what does not, please talk with me.

**Special Needs:** Students with disabilities will be appropriately accommodated, and should inform the instructor as soon as possible of their needs and I will do everything possible to accommodate you.

**No extensions without a medical or family emergency.** You will need to bring documentation and notify me prior to the due date for the assignment. If you fail to do so, there is little I can do at that point without being unfair to the other students. This is important.

**Jan. 19. Week 1. Introduction to the Seminar: Thinking About Thinking**

Jonah Lehrer. "Eureka" *New Yorker*, July 28, 2008. \*

Chip Heath and Stan Heath, *Made To Stick*. \*

**Jan 26. Week 2 Concepts: Corruption, the State, and the Rule of Law**

What is corruption and how does it differ from bad policy?

William L. Riordan and Terrence J. McDonald. *Plunkitt of Tammany Hall: A Series of Very Plain Talks on Very Practical Politics*. 1993. Bedford Books. St. Martins.

Thomas Carothers. "The Rule of Law Revolution." *Foreign Affairs*. 1998. 77:2, 95-106.  
Available electronically via the library.

Max Weber. "What is the State." 38-41.\*

Stephen Holmes. "Lineages of the Rule of Law." in *Democracy and the Rule of Law* edited by Jose Maria Maravall. New York: Cambridge University Press. 2003. 19-61.\*

Joel Hellman and Geraint Jones and Daniel Kaufmann. 2003. "Seize the state, seize the day: an empirical analysis of state capture and corruption in transition economies." *Journal of Comparative Economics* 31(4):751—73 JSTOR

Jakub Svensson. "Eight Questions About Corruption." *Journal of Economic Perspectives*. 2005. Summer. 19:3. 19-42. [JSTOR] Also available electronically via the library.

**Presentation Topic: Is Corruption Bad?**

Nathaniel Leff. "Economic Development Through Bureaucratic Corruption." *American Behavior Scientist*. 1964. 8, 1-14.\*

Moises Naim. "Corruption Eruption." *Brown Journal of World Affairs*. 1995. Summer. 2: 2 245-261.\*

**Week 3. February 2. Methods and Measurement**

How can we study corruption?

Irfan Nooruddin. "A Note on Methods in Political Science." Ms. 1-4. available from me.

Macartan Humphreys and Jeremy Weinstein. "Field Experiments and the Political Economy of Development." 2009. *Annual Review of Political Science* JSTOR\*

Przeworski, Adam. 2004. Institutions Matter? Government and Opposition 39.4.  
[http://as.nyu.edu/docs/IO/2800/go\\_2004.pdf](http://as.nyu.edu/docs/IO/2800/go_2004.pdf)

Herbert Kitschelt. 2002. "Accounting for Postcommunist Regime Diversity: What Counts as a Good Cause? In Capitalism and Democracy in Central and Eastern Europe, ed. Gregorz Ekiert and Stephen Hanson, Cambridge University Press. \*  
[https://netfiles.uiuc.edu/fesnic/fspub/Kitschelt\\_Good\\_Cause.pdf](https://netfiles.uiuc.edu/fesnic/fspub/Kitschelt_Good_Cause.pdf)

Daniel Kaufman World Bank Institute "Debunking Myths on Worldwide Governance and Corruption." David B. Goodman Lecture, You can also see the lecture by Googling the title of the article. skim  
<http://info.worldbank.org/etools/docs/library/126385/704%5Fkaufmann.pdf>

Daniel Treisman. 2007. "What Have We Learned About Corruption." *Annual Review of Political Science*. Data are available. JSTOR

Also please review the following cross-national measures of corruption.  
Transparency International Index,  
[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi)

Global Integrity Index, <http://www.globalintegrity.org/report>

World Values Survey, <http://www.worldvaluessurvey.org/>

Life in Transition (LiTS, survey instrument).  
<http://www.ebrd.com/pages/research/publications/special/transitionII.shtml>

BEEPS Survey. <http://www.ebrd.com/pages/research/analysis/surveys/beeps.shtml>

### **Presentation Topic: Are the World Bank Governance Indicators Useful?**

Review of Kurtz, Marcus Kurtz and Andrew Schrenk. "Growth and Governance: Models, Measures and 2007. "Growth and Governance: Models, Measures, and Mechanisms." *Journal of Politics* Vol. 69:2 (May).2007. also "Growth and Governance: A Defense" *Journal of Politics* 69:2. May. **Jstor**

Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi. 2007. "Growth and Governance: A Reply." *Journal of Politics* 69, 2: 555–562. **Jstor**

Steven Voight. "How (Not) to Measure Institutions?" ms.

#### Suggested Readings:

Steven Van Evera. *Guide to Methods for Students of Political Science*. Ithaca. Cornell University Press, 7-27, 123-128.

### **Week 4. February 9. More Methods and Measurement**

Benjamin Olken. "Monitoring Corruption: Evidence from a Field Experiment in Indonesia," *Journal of Political Economy* 115 (2), pp. 200-249, April 2007 JSTOR

Ben Olken "Corruption Perceptions vs. Corruption Reality." *Journal of Public Economics*

Daniel Corstange. 2009. "Sensitive Questions and Truthful Answers: Modeling the List Experiment with Listit," *Political Analysis* 17: 45-63. JSTOR

Alexandra Scacco. "Who Riots?" ms. NYU. Department of Politics.\*

**Presentation Topic: Can we measure electoral fraud? Or We Don't Believe Mr. Churov, We Believe Gauss.**

Susan Hyde. "The Observer Effect: Evidence From A Natural Experiment." *World Politics* 60: October 2007. JSTOR

Evgeniya Lukinova, Mikhail Myagkov, and Peter C. Ordeshook, 2011. "Metastised Fraud in Russia's 2008 Presidential Election." *Europe-Asia Studies*. 63:4, 603-621. JSTOR

Bernd Beber and Alexandra Scacco. 2011. "What the Numbers Say: A Digit-Based Test for Election Fraud." Ms. NYU Department of Politics.\*

**Week 5. February 16. Politics and Petty Corruption**

Reinikka, Ritva and Jakob Svensson, "Local Capture: Evidence from a Central Government Transfer Program in Uganda," *Quarterly Journal of Economics* 119 (2), pp. 679-706, May. JSTOR

Shleifer, Andrei and Robert W. Vishny, "Corruption," *Quarterly Journal of Economics* 108 (3), pp. 599-617, August 1993. JSTOR

Timothy Frye and Ekaterina Zhuravskaya, Rackets, Regulation and the Rule of Law. *Journal of Law, Economics, and Organization*. 2000. October. JSTOR

Timothy Frye and Andrei Shleifer, "The Invisible Hand and the Grabbing Hand." *American Economic Review Papers and Proceedings*, 1997. 354-359. Stable URL: <http://links.jstor.org/sici?sici=00028282%28199705%2987%3A2%3C354%3ATIHTATG%3E2.0.CO%3B2-6>

Timothy Frye. "The Two Faces of Russian Courts: Evidence from a Survey of Company Managers," *East European Constitutional Review*, Winter/Spring 2002. (Also google) [http://www.law.nyu.edu/eecr/vol11num1\\_2/features/frye.html](http://www.law.nyu.edu/eecr/vol11num1_2/features/frye.html)

Claudio Ferraz and Fred Finan. (2008). "Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes", *QJE*, 123(2), 703-745. J. <http://www.mitpressjournals.org/doi/pdfplus/10.1162/qjec.2008.123.2.703> [This is a hard version. The easier version is here] <http://www.povertyactionlab.org/publication/exposing-corrupt-politicians>

**Presentation Topic: Is the state the main obstacle to corruption?**

Hernando de Soto. 1989. *The Other Path*.

Raghuram R. Rajan and Luigi Zingales. *Saving Capitalism from the Capitalists*. Introduction.

Peter Evans. Peter Evans, "States as Problems, States as Solutions." *The Politics of Economic Adjustment*. Edited by Stephan Haggard and Robert Kaufmann. Princeton University Press.

## **Week 6. February 23. Politics and Grand Corruption**

Ray Fisman, 2001. [Estimating the Value of Political Connections](#), *American Economic Review*, 2001. JSTOR

Raphael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer, and Robert Vishny, "The Quality of Government," *Journal of Law, Economics, and Organizations* 15 (1), pp. 222 - 279, 1999. JSTOR

Robert Bates. 1981. *Markets and State in Tropical Africa*. 1-44; 81-135. University of California Press, 1984. \*

Eric C. Change and Miriam Golden. "Competitive Corruption. Factional Conflict and Political Malfeasance in Post-War Italy." *World Politics* 2001. JSTOR

Persson, Torsten, Guido Tabellini, and Francesco Trebbi, 2003. "Electoral rules and corruption." *Journal of the European Economic Association*, 1, 958– 989. JSTOR

### **Presentation Topic: Can Foreign Aid Promote the Rule of Law?**

Stephen Holmes. Can Foreign Aid Promote the Rule of Law. *East European Constitutional Review*. Fall 1999. 8:4, <http://www.law.nyu.edu/eecr/vol8num4/special/rule.html>

Kevin M. Morrison. What Can We Learn about the "Resource Curse" from Foreign Aid? *World Bank Research Observer*. *The World Bank Research Observer Advance Access* published October 27, 201

### **Presentation Topic Two: Is Clientelism Corruption?**

Susan Stokes. "Perverse Accountability."

Suggested: Tamir Moustafa. 2003. "Law Versus the State: The Judicialization of Politics in Egypt." *Law and Social Inquiry*. Fall. 28, 883-930.\* Available electronically via the library.

## **Week 7. March 1. Culture, Corruption, and The Rule of Law**

Ray Fisman and Edward Miguel, 2007. [Corruption, Norms, and Legal Enforcement: Evidence from UN Diplomatic Parking Tickets](#) (with Edward Miguel), *Journal of Political Economy*, 2007.

Timur Kuran. "Why the Middle East is Economically Underdeveloped: Historical Mechanisms of Institutional Stagnation." *Journal of Economic Perspectives*, 18 (Summer 2004): 71-90. [JSTOR] Also available in *Islam and Mammon: The Economic Predicaments of Islamism* Princeton: Princeton University Press, 2004., xviii + 194 pp.

Mark West. "Recovering Lost Property in Japan and the United States." *Law and Society Review*. 3-69: (2003) also in *Law in Everyday Japan*, 2005. University Chicago Press. [JSTOR] Also available electronically via the library.

Stephen Holmes. "Cultural Legacy or State Collapse?" *Perspectives on Postcommunism*, Ed. Michael Mandelbaum, Council on Foreign Relations. New York. 1996.\*

Amartya Sen. "Democracy as a Universal Value." *Journal of Democracy* 10.3 (1999) 3-17. JSTOR

**Presentation Topic: Why Do People Obey the Law?**

Tom Tyler. 2006. *Why People Obey the Law*. Princeton. Princeton University Press.

**Presentation Topic:** How have different scholars conceived of culture in their analyses of its effects on corruption?

Michael Newcity, "Russian Legal Tradition and the Rule of Law." In *Rule of Law and Economic Reform in Russia*. Ed. Jeffrey Sachs and Katharina Pistor. 1997. Boulder: Westview Press.\*

**Week 8. March 8. Media and Corruption**

John McMillan and Pablo Zoido. "How To Subvert Democracy: Montesinos in Peru." *Journal of Economic Perspectives*, 2004. 18:4, 69-92. [JSTOR.] Also available electronically via the library.

Timothy Besley and Robin Burgess. 2002. The Political Economy of Government Responsiveness: Theory and Evidence from India, *Quarterly Journal of Economics*. 117/4. <http://www.mitpressjournals.org/doi/pdf/10.1162/00335530232093506>

C. J. Steenkamp, 2002. Making Public corruption in South Africa: An Analysis of Media Reports on Corruption Over the Period 1 Nov. -31 Dec. 2001.\*

Brunetti, A., and B. Weder, "A Free Press Is Bad News for Corruption," *Journal of Public Economics*, 87 (2003), 1801-182. JSTOR

Reinikka, R., and J. Svensson, "Fighting Corruption to Improve Schooling: Evidence from a Newspaper Campaign in Uganda," *Journal of the European Economic Association*, 3(2-3) (2005), 259-267. JSTOR.

Suggested: Peters, J. G., and S. Welch, "The Effects of Charges of Corruption on Voting Behavior in Congressional Elections," *American Political Science Review*, 74 (1980), 697-70. JSTOR

Edmund J. Malesky and Krislert Samphantharak (2008) "Predictable Corruption and Firm Investment: Evidence from a Natural Experiment and Survey of Cambodian Entrepreneurs", *Quarterly Journal of Political Science*. Vol. 3: No 3, pp 227-267. JSTOR

**Presentation Topic: Does the internet reduce corruption?**

Thomas Barnebeck Andersen, Jeanet Bentzen, Carl-Johan Dalgaard, and Pablo Selaya. 2011. "Does the Internet Reduce Corruption? Evidence from U.S. States and across Countries." *World Bank Economic Observer*.

**March 15. Spring Break**

**Week 9. March 22. Societal Explanations for Corruption**

Robert Putnam *Making Democracy Work*, Princeton University Press, 1993. Chapter 1,5, 6.

Margaret Levi. "Social and Unsocial Capital: A Review Essay of Robert Putnam's *Making Democracy Work*." *Politics and Society* 24 (March 1996), pp. 45-55. JSTOR.

Carles Boix and Daniel Posner. 1996. "Making Social Capital Work: A Review of Robert Putnam's *Making Democracy Work: Civic Traditions in Modern Italy*" <http://www.ciaonet.org/wps/boc01/>. Also in the *British Journal of Political Science*. JSTOR.

William Easterly, 2001. *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. Cambridge: MIT Press. 241-282.\*

**Presentation Topic: Can Social Groups Police Themselves?**

Paul Milgrom, et al. "The Role of Institutions in the Revival of Trade: the Law Merchant, Private Judges and the Champagne Fairs, *Economics and Politics* 1990:2 1-23. **Jstor**

Lisa Bernstein. 1992. "Opting Out of the Legal System: Extralegal Contractual Relations in the Diamond Industry." *Journal of Legal Studies*. 21:1. 115-157. JSTOR.

Elinor Ostrom. 1990. *Governing the Commons: The Evolution of Institutions for Collective Action*. New York: Cambridge University Press.

Timothy Frye. 2000. *Brokers and Bureaucrats: Building Market Institutions in Russia*.

**Presentation Topic Two: Does natural resource wealth increase corruption?**

Macartan Humphreys, Jeffrey D. Sachs, and Joseph E. Stiglitz, "Introduction" *What Is the Problem with Natural Resource Wealth?*, 1-20. \*

Ellis Goldberg, Erik Wibbels, Eric Mvukiyehe. 2008. "Lessons from Strange Cases: Democracy, Development, and the Resource Curse in the U.S. States." *Comparative Political Studies*. 41 (4/5), 477-51. JSTOR

**Week 10. March 29.** Organized Small Group Meetings to Discuss the Five-Page Research Proposal.

**\*\*\*\*\*FIVE PAGE PAPER PROPOSALS DUE\*\*\*\*\***

**Week 11. April 5. States, Rackets, and Informal Economies**

Charles Tilly. 1975. "War-Making and State Making as Organized Crime." In *Bringing the State Back In* ed. P. Evans, D. Reuschmeyer, T. Skocpol. Cambridge. Cambridge University Press. 169-195. \*

Diego Gambetta. 1993. *The Sicilian Mafia: The Business of Private Protection*. Cambridge. Harvard University Press.\*

**Presentation Topic: Are Informal Economies Increasing, Why?**

Moises Naim. 2005. *Illicit: How Smugglers, Traffickers, and Copycats are Hijacking the Global Economy*. New York: Doubleday.

<http://lnweb90.worldbank.org/eca/eca.nsf/0/0e1cfcae7d9efa4185256a940073f4e5?OpenDocument>

Suggested:

Federico Varese. *Mafias on the Move*. Oxford University Press

Keith Darden. 2001. "Blackmail as a Tool of State Domination: Ukraine Under Kuchma," *East European Constitutional Review*. 10 Spring/Summer.

[http://www.law.nyu.edu/eecr/vol10num2\\_3/focus/darden.html](http://www.law.nyu.edu/eecr/vol10num2_3/focus/darden.html)

Jovo Nikolov. "Crime and Corruption in Bulgaria." *East European Constitutional Review*, Fall 1997, 6:4, ms. 1-7. <http://www.law.nyu.edu/eecr/vol6num4/feature/organizedcrime.html>

Curtis Milhaupt and Mark D. West. "The Dark Side of Private Ordering: An Institutional and Empirical Analysis of Organized Crime." *The University of Chicago Law Review*. 2000. 67: 41-98.

Federico Varese. 2001. *The Russian Mafia: Private Protection in a New Market Economy*. Oxford University Press.

Vadim Volkov, *Violent Entrepreneurs: The Use of Force in the Making of Russian Capitalism*. Cornell University Press. Or the article "Violent Entrepreneurship in Post-Communist Russia." In *Europe-Asia Studies*, 1999. 51:5, 741-754.

<b>Week 12.</b>	<b>April 12.</b>	<b>Student Workshops - Presentations</b>
<b>Week 13.</b>	<b>April 19.</b>	<b>Students Workshops – Presentations</b>
<b>Week 14.</b>	<b>April 26.</b>	<b>Students Workshops- Presentations</b>

**Papers due: Monday May 7 at 4:00 in my office at 1215 Harriman Institute in the International Affairs Building. Hard Copy please. And email to [tmf2@columbia.edu](mailto:tmf2@columbia.edu) as a PDF if at all possible. Late Papers lose 1 letter grade per day that they are late.**