Explaining the institutionalization of political corruption: 
The effects of colonial rule and decolonization

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New democracies of the ‘third wave’ of democratization differ significantly in the types and extent of political corruption. The dominant rational-choice approach to corruption explains these differences with reference to deficiencies in the design of formal political institutions. The project introduced in this paper, in contrast, makes a different argument, highlighting the importance of historical factors. More specifically, the project develops the claim that, in the developing world, colonial rule and decolonization shaped the institutionalization of different forms of political corruption; different forms of political corruption, in turn, have conditioned the ability of new democracies in the ‘third wave’ of democratization to implement efficient anti-corruption measures. The particular focus of the paper here is on the first step in this argument – that is, the question of how to explain the emergence of different forms of corruption. To address this question, the paper compares across an intermediate-N sample of post-colonial polities in Latin America and East Asia, using crisp set QCA (csQCA).

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The dominant explanatory approach to corruption is based on rational-choice assumptions and methodological individualism. Corruption occurs, the argument goes, when individuals – after performing a basic cost-benefit calculation – establish that the potential material pay-off from a corrupt exchange is higher than the estimated risk of being caught in the act. This idea is succinctly captured by Klitgaard’s often-cited formula, \( C = M + D - A \), where \( C \) stands for corruption, \( M \) for monopoly, \( D \) for discretion, and \( A \) for accountability.\(^1\) Based on these assumptions, in the fight against corruption, the rational-choice approach places heavy emphasis on the design of formal institutions: Rules and regulations need to be designed in such a way so as to decrease the material profitability of corruption while, at the same time, increasing the costs of engaging in corrupt activities.\(^2\) Following this logic, large parts of the global ‘anti-corruption industry’ have, over the past two decades, designed one-size-fits-all institutional packages to tackle the global ‘cancer of corruption’, advocating – for example – a smaller state, decentralized government and the abolishment of trade regulations.

Recently, however, the rational-choice approach has come under fierce attack from scholars working within a neo-institutionalist framework. To begin with, these scholars have pointed out that the rational-choice approach has very little explanatory value in contexts where corruption is systemic. This is because, when corrupt exchanges among a given set of actors occur with great frequency, these exchanges become ‘structured and regulated by a defined set of norms’, meaning that the costs of engaging in corruption are significantly reduced.\(^3\) In other words, the economic

\(^1\) Klitgaard 1988, 75.
\(^2\) See, for example, Kunicová 2006.
\(^3\) Della Porta and Vannucci 2012, 48, emphasis in original. Also see Persson et al. 2012, 256-7; Graf Lambsdorff 2007, 150-4.
calculation put forward by the rational-choice approach does not hold in socio-
political contexts where corruption has become institutionalized as the ‘rules of the
game’. Second, and closely associated to the first point, a growing number of
scholars is starting to understand that this institutionalization of corruption can take
different forms.⁴ And just like any other institution, different types of corruption
favor certain actors over others in the distribution of resources, and thus significantly
shape social and political power relations. In turn, these power relations carry
important implications for the performance of political systems. That is to say,
simply measuring the level of corruption – as studies in the rational-choice tradition
commonly do⁵ – is not enough if we want to isolate the effects of corruption on
economic development and social welfare.

By highlighting the weaknesses of the rational-choice approach, the growing
neo-institutionalist literature has already made an important contribution to our
understanding of systemic corruption. However, one question has hardly received
any attention so far: How can we explain the emergence of different forms of
systemic corruption?

This paper offers the first systematic attempt to account for qualitative
differences in the institutionalization of corruption, focusing specifically on political
corruption – that is, corruption that involves large amounts of resources and takes
place at higher levels of political authority. I will argue that, in the developing world,
colonial rule and processes of decolonization played an important role in shaping the
institutionalization of political corruption. I thus build on a number of existing

⁴ See, for example, Wedeman, 1997; Johnston 2005.

⁵ Quantitative studies based on the rational-choice approach tend to rely on expert surveys to measure
corruption – usually either the World Bank Governance Indicators (WGI) or Transparency
International’s Corruption Perceptions Index (CPI).
studies that have hinted at a possible link between colonialism and corruption. For example, addressing corruption from a rational-choice perspective, La Porta et al. and Treisman argue that British colonial rule left behind more efficient legal systems for fighting corruption than colonial regimes run by other European powers. Kenny, who focuses exclusively on patronage but adopts a qualitative framework, shows how greater centrifugal pressures during the process of decolonization led political actors in former British colonies to implement a decentralized patronage system, rather than a more centralized system.  

More specifically, after setting out a general typology of political corruption, I will systematically test a number of hypotheses relating to the effect of colonial rule and decolonization on the institutionalization of political corruption. To do so, I will conduct a crisp set Qualitative Comparative Analysis (csQCA), comparing across a number of post-colonial polities in Latin America and East Asia. The analysis shows that three factors, in particular, shaped the organization of corruption: the extent of colonialism, the structure of the colonial economy, and the level of violence in the struggle for independence.

THE INSTITUTIONALISATION OF POLITICAL CORRUPTION: CENTRALIZED VS. DECENTRALIZED

Defining corruption is a highly complex task and the subject of a fierce debate – a debate that cannot be treated adequately in this paper. However, one general point should be made here before moving on to developing a more detailed typology of

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6 La Porta et al. 1999; Treisman 2000.

7 Kenny 2013.
political corruption: Given that political actors are themselves in charge of designing formal rules – and may thus design these rules with the objective of facilitating the extraction of public resources for their own gain – we should refrain from defining corruption as the deviation from the *formal duties* of a public role for private benefit.\(^8\) Instead, although this definition is not without its problems either, I will define corruption as acts by public office holders that violate the *impartiality principle* – that is, the principle that ‘a state ought to treat equally those who deserve equally’.\(^9\) As Rothstein and Teorell convincingly argue, society consists of different spheres – and each of these spheres has its own norms of what is appropriate behavior.\(^10\) While in the ‘state’ sphere the accepted norm is that the exercise of power should be in accordance with the impartiality principle, other spheres have different norms. Most significantly, both in the ‘market’ and the ‘interest organization’ sphere it is acceptable to justify behavior according to self-interest – individual or group interest, respectively. Accordingly, corruption happens as norms from other societal spheres are ‘imported’ into the state sphere, undermining the impartiality principle.

Next, to arrive at a more detailed definition of political corruption, I establish a classification framework along two dimensions (see Figure 1). The first dimension relates to the question of whether the corrupt act involves a *distribution of public resources to actors outside the state*. Necessarily, most acts of political corruption require a distribution of public resources to actors *within* the state. In particular, to be able to exploit the state’s resources for political gain, politicians and political parties must exercise significant control over relevant state institutions; commonly, this is achieved by compelling civil servants’ compliance through the mechanism of

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\(^8\) cf. Philp 2006, 47.

\(^9\) Kurer 2005, 223.

patronage – that is, by appointing loyal supporters to key administrative positions or by withholding public resources (promotion, further employment) from those civil servants who refuse to carry out instructions.\textsuperscript{11} However, only certain types of political corruption also involve a distribution of resources to actors outside the state. In fact, some authors see the delivery of public resources to a third actor as a necessary condition for a certain activity to be classified as corrupt; yet, here I will adopt a wider definition of corruption that extends beyond the requirement of public resources being exchanged against other types of resources held by third actors.\textsuperscript{12}

The second dimension of the framework concerns the question of whether the corrupt act produces fungible resources – that is, context-independent resources. The concept of fungibility has been borrowed from the social movement literature and can be defined as follows:

A fully fungible resource would be one that could be transferred easily between persons or organizations. The use-value to a social movement of a fully fungible resource would be relatively constant from one sociopolitical context to the next. Money is the most fungible of resources … [A] highly fungible resource like money can presumably be converted into other resources as needs dictate. Therefore, movement actors with a large proportion of fungible resources at their disposal enjoy greater flexibility in the range of strategies and tactics available to them.\textsuperscript{13}

\textsuperscript{11} Kopecký 2011; Müller 2006.

\textsuperscript{12} For example, Della Porta and Vannucci 2012, 7-8.

\textsuperscript{13} Edwards and McCarthy 2004: 129.
This argument can easily be transferred into the electoral arena: Political actors controlling large amounts of fungible resources – money, in particular – will be in a better position to absorb the costs that may arise from competing in elections. For example, Nassmacher distinguishes three main cost objects in political finance: election campaigns, organization maintenance, and policy development. The high fungibility of money not only allows political actors to increase their resource base in each of these areas in absolute terms, but it also enhances actors’ capability of adjusting their electoral strategies when new competitive conditions occur.

[Figure 1 about here]

If we combine these two dimensions, four different types of political corruption can be distinguished. In the case of bribery, political parties or politicians design policies or provide public resources in exchange for a payment in fungible resources – most commonly, money. In general, the briber will be an economic actor, operating either in the legal or illegal market. Embezzlement, on the other hand, describes corrupt activities that do not involve a third party outside the state. Rather, political parties or politicians engage in the outright theft of fungible public resources. Moving on to sub-types of political corruption that do not produce fungible resources for political actors, we find clientelism. In most of the literature, clientelism primarily describes an electoral strategy that distributes private goods – that is, goods that only the individual recipient can enjoy – directly to voters or, in the case of ‘wholesale’ clientelism, to actors able to deliver a block of voters (for example, business owners, tribal chiefs or religious leaders). As such, clientelism can be funded through

14 Nassmacher 2009, 73-86.
different sources, including a party’s own resources or a politician’s personal wealth. Here, however, the term is used to describe specific cases in which these strategies are fuelled by public resources – for example, by providing voters access to social welfare schemes or public employment in exchange for their electoral support.

Finally, the fourth type of political corruption, electoral fraud, can be defined as ‘clandestine efforts to shape election results’.¹⁶ This type of corruption does neither feature a distributive element nor does it generate fungible resources.

In the case of bribery and embezzlement, it is relatively easy to identify the breach of the state’s impartiality principle, as these are clear cases of politicians being guided by self-interest, rather than the public interest. The violation of the impartiality principle is more difficult to establish, however, if we turn to clientelism. After all, conflict between political parties – each promising to distribute public resources to their supporters – is a characteristic feature of representative democracy. Yet, what needs to be stressed is that, in the case of clientelism, the distribution of public resources does not follow transparent, codified criteria; instead, resources are likely to be distributed on an ad hoc and strategic basis.¹⁷ This constitutes a critical deviation from the impartiality principle, whereas, say, a political party promising to pass a law that would increase government benefits for the unemployed does not.

Lastly, to understand why electoral fraud constitutes a breach of the impartiality principle, it is important to stress that the impartiality principle also applies to the input side of the political system. Put in the words of Rothstein and Teorell, ‘free and fair elections must be administered by impartial government institutions’.¹⁸

For these different corrupt practices to become institutionalized, two conditions

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¹⁶ Lehoucq 2003, 233.

¹⁷ Stokes 2009.

need to be fulfilled. First, as already hinted at earlier, political actors need to be in control over a strong patronage network within the state apparatus. Second, political actors’ investment in hidden channels of communication and exchange, be it within the state bureaucracy or with actors outside the state, must create a positive feedback loop.

Regarding the importance of patronage networks, Kopecký and Spirova argue that ‘patronage is a necessary condition for both clientelism and corruption. Without the ability to control the state via appointments, parties would not be in the position to provide targeted selective benefits to their constituencies, or have something to offer in order to secure illicit party funding’.19 Similarly, focusing on the role of bureaucrats in the case of bribery, Della Porta and Vannucci explain that

In the corruption market, the public bureaucrat is … a necessary ally for the corrupt politician because his help is often necessary for the implementation of the political decisions that have been paid through bribes … Besides that, thanks to the stability of his position, the bureaucrat can offer to the politicians additional favors, reducing the risks of the illegal exchange by taking care of the contacts with the entrepreneurs as well as of the ‘coordination’ of the distribution of the bribers to the various public actors.20

In addition to investing in patronage networks, political actors wanting to engage in bribery and clientelism also need to invest in channels of exchange outside the state. These channels come with high costs. In the case of bribery, neo-institutionalist

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19 Kopecký and Spirova 2011, 906, emphasis added.
20 Della Porta and Vannucci 1999, 138-9, emphasis in original.
scholars usually include three broad types of costs: research and information costs (to explore the willingness and capabilities of potential exchange partners), bargaining costs (to determine the conditions of the exchange contract), and contract enforcement costs. To mobilize voters through clientelism, on the other hand, the most significant cost is that of building organizational hierarchies of exchange between electoral clients at the ground floor of the system, various levels of brokers organized in a pyramidal fashion, and patrons at the top. Politicians have to identify resources they can extract and offer to clients in exchange for contributions to their electoral efforts. Moreover, they must construct organizational devices and social networks of supervision that make direct individual or indirect group based monitoring of political exchange relations viable. Therefore, it can be argued for both bribery and clientelism that, ‘[o]nce such fixed costs have […] been borne, individuals and organizations have an incentive to pursue illegal activities over time in order to reduce the “unit costs” of corruption’. For instance, as political actors engage in repeated acts of bribery within the same network, they will learn how to manage transactions more effectively and how to minimize the risk of getting caught. Moreover, the repetition of bribery agreements will, over time, lead to the emergence of an informal norm system, which provides actors with a certain degree of predictability regarding the conditions of the contract

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21 See Della Porta and Vannucci 2012, 18-29; Graf Lambsdorff 2007, ch. 6.


23 Della Porta and Vannucci 2004, 158.
as well as the enforcement of the contract. Similarly, theories of clientelism highlight how repeated interactions of exchange can help overcome problems of commitment and lower the risk of either side reneging on the deal.\(^\text{24}\) This is thus the point – as learning effects gain momentum and actors adjust their expectations to emerging informal norms – that the economic risk-benefit calculation put forward by the rational choice approach to corruption breaks down.

However, for bribery and clientelism to be established as a repeated game, it is necessary that a positive feedback loop strengthens individual incentives to maintain the exchange relationship.\(^\text{25}\) Without a positive feedback loop, the exchange relationship will collapse, taking most of the investments with it.

Although not requiring an investment in external channels of exchange, the institutionalization of embezzlement and electoral fraud is also subject to a positive feedback loop. This can be illustrated with an example from the Philippines, where politicians maintain dense patronage networks within the state apparatus, including the military. Yet, whereas the embezzlement of public resources through the military procurement process has become firmly institutionalized, the misuse of the armed forces for the organization of electoral fraud has been limited to a few isolated incidents.\(^\text{26}\) While this is not the place for a detailed analysis of patronage in the

\(^{24}\) Stokes 2007.


\(^{26}\) Probably the best-known case of electoral fraud involving the armed forces occurred during the Arroyo administration (2001-2010), when the government, in the 2004 elections, allegedly deployed the military to organise extensive vote rigging and manipulation, and – through the military – delivered weapons to armed insurgents on the southern island of Mindanao in return for the mobilisation of local ‘vote banks’. Embezzlement, on the other hand, is organised according to firmly established informal norms, whereby senior military officers procure fake, non-existing supplies and then share parts of the illegal profits with civilian politicians controlling their career.
Philippines, it thus seems that the embezzlement of public resources earmarked for the military produces a positive feedback loop, whereas the exploitation of the military for the purpose of electoral fraud has so far failed to trigger similarly positive feedback.

When a positive feedback loop has been established and it becomes clear that large profits can be collected from engaging in a given corrupt practice, this may attract more agents into the corrupt network. However, it needs to be pointed out that the institutionalization of corruption does not directly depend on a multiplication of the number of corrupt agents. The example of systemic bribery under the autocratic regime in South Korea (1961-1987) provides a perfect illustration here. To begin with, the number of actors involved in corrupt transactions was relatively small: On the regime side, only senior party officials were authorized to collect bribes; on the briber side, financial contributions to the regime party were concentrated among a very small number of business conglomerates. Nevertheless, the corrupt exchange of public resources (credit, import licenses etc.) for money became highly institutionalized, as indicated, for example, by the fact that all transactions were governed by a fixed kickback rate.

While the question of when corruption produces positive feedback effects is interesting, the focus of this paper is on a different question: *Once corruption has become institutionalized, how is it organized?* In particular, is it organized in a *centralized* or a *decentralized* fashion? This distinction is important for a number of reasons: First, as existing research has shown, a centralized organization of corruption is much less harmful to governance and economic development than a

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A common explanation for this finding is that, in principle, a centralization of corruption allows those actors who monopolize the access to the corruption network to enforce an economically efficient allocation of state-created rents, whereas a higher fragmentation in the control of corruption networks means that individual monopolists will be able to resist a top-down implementation of changes in the allocation of rents. Second, a number of scholars have pointed out that centralized systems of corruption may be easier to reform than de-centralized systems. For example, Kenny argues that, due to the large number of political brokers at the subnational level, ‘decentralized system of patronage politics have proven more resistant to reform than decentralized systems’. Similarly, Lyne claims that centrally owned clientelistic networks will be more willing to undertake reform when pressed by crisis, while in decentralized systems ‘each network owner will fear that relinquishing some portion of his or her resources in the common interest of adjusting to resource constraints will in fact simply be used to fortify another clientelist network at his or her expense’.

To decide whether corruption is organized in a centralized or decentralized fashion, we need to perform a separate qualitative analysis for each type of corruption. In the case of bribery and embezzlement, I build on the ideas introduced in the previous paragraph and define a corrupt system as centralized when the creation and allocation of rents is monopolized by an individual or a small group, as exemplified by the case of South Korea discussed above. A de-centralized system, in contrast, is one where a multitude of individual politicians compete against each other for the extraction of fungible resources from the state, with each politician

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29 See, for example, Khan 2000; Rock and Bonnett 2004; Kelsall 2013.

30 Kenny 2013, 2.

trying to extract the maximum possible. Whether politicians then place these resources under the control of a party leader rather than investing them in their own personal campaign efforts, as is the case with Gingerich’s ‘machine-politics’ type of corruption, does not matter. What matters is that fungible resources are extracted through competition between individual politicians. Likewise, I consider clientelism to be decentralized when clientelistic networks are ‘owned’ by individual politicians, in the sense that politicians act independently of each other in securing public resources to fuel their clientelistic machines and take personal credit for delivering these resources to voters. In centralized systems, on the other hand, it is usually parties that ‘own’ the clientelistic networks. Finally, electoral fraud is organized in a decentralized fashion when it results from the efforts made by individual politicians rather than the top-down control over key state agencies by a ruling political party.

As a last point, it should be added that centralized and decentralized systems of corruption can coexist within the same polity. Take the case of Mexico, for example, where – for decades – the dominant Partido Revolucionario Institucional (PRI) held a monopoly over the clientelistic mobilization of voters, while, at the same time, systemic bribery and embezzlement were highly decentralized, with individual politicians trying to ‘grab’ as much as they could. For analytical purposes, however, such systems – although displaying elements of centralization – will be treated as decentralized, given what was said earlier about the negative effects that a decentralized organization of corruption can have on economic development and the ability of political systems to reform themselves.

32 Gingerich 2013, 37.
The following analysis of factors shaping the organization of political corruption is based on the assumption that, all things being equal, a centralized organization of corruption is more efficient than a decentralized organization – not just from a social welfare perspective, as just discussed, but also from the point of view of individual politicians. This assumption is based on three theoretical considerations. First, in a situation where individual politicians compete against each other over the control of state institutions, success in securing access will largely depend on whether a given politician controls a larger amount of politically-relevant resources through his corrupt network (such as social capital, coercive power or electoral support) than his opponents. With politicians aggressively scrambling for ways to extend and strengthen their own networks, the creation of efficient formal institutions (such as property rights or the rule of law) is likely to be seriously undermined, which, in turn, makes competition even more unpredictable, thus forcing politicians to increase investment in their networks even further.\(^{35}\) If, on the other hand, corruption is organized in a centralized fashion, this resource-costly ‘arms race’ can be avoided.

Second, and this point applies specifically to bribery, if individual politicians establish themselves as competing players in the corrupt supply of public goods and policies, a ‘sales war’ will ensue, bringing down the price of the bribe that politicians are able to charge.\(^{36}\) Conversely, and this is the third point, if politicians maintain

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\(^{35}\) This situation reflects many of the key features of Johnston’s ‘oligarchs and clan’ corruption and North et al.’s ‘natural state’. See Johnston 2005; North et al. 2009.

\(^{36}\) Shleifer and Vishny 1993.
their own clientelistic machines rather than centralizing the clientelistic exchange under a party label, they will have to engage in a ‘bidding war’, thereby inflating the price for votes in the electoral market.\(^{37}\)

To explain why, in many democracies in the developing world, politicians have – despite the inefficiencies that this entails – organized corruption in a decentralized rather than a centralized fashion, I argue that it is important to consider the political context before the implementation of elections. More specifically, I argue that colonial rule and the process of decolonization had a significant effect on the ‘ownership’ structures of corruption networks. To test this theory, the following section will generate a number of hypotheses and subject them to a crisp set Qualitative Comparative Analysis (csQCA).

**Hypotheses**

The first possible explanation for a multiplication of corruption networks that comes to mind is the level of colonialism. Following Lange et al., ‘[t]erritories with higher levels of colonialism are marked by more settlers, a more significant colonial bureaucracy that reaches into society to uphold systems of property and labor, and the presence of more religious organizations and other cultural institutions modeled on the colonizing nation’.\(^{38}\) The argument here is that higher levels of colonialism will inhibit a multiplication of corruption network, while lower levels of colonialism will encourage a more fragmented ownership structure:

HYPOTHESIS 1: Low levels of colonialism provoke a fragmentation of corruption networks.


\(^{38}\) Lange et al. 2006, 1423.
Probably the most studied mechanism in this argument is the following: If colonial powers decide not to install an extensive bureaucratic organization, they may have to pursue a strategy of indirect rule, relying on indigenous intermediaries in control of customary patrimonial institutions. By injecting new resources into these existing institutions (such as control over public employment or the local police), indirect colonial rule fosters corruption networks under the ownership of local strongmen. Subsequently, these networks are more than likely to survive the process of decolonization, due to the fact that the leaders of the newly constituted state will depend on them for the exercise of social control.\(^{39}\)

While the size and extensiveness of bureaucratic institutions is one dimension along which to describe colonial rule, the *structure of the economy* is another. Broadly speaking, here we can distinguish between *enclave economies*, where the main export sector is controlled by foreigners, and *nationally-controlled economies*, where the main export sector is controlled by domestic producers. As Huber Stephens argues in the context of decolonization in Latin America, enclave economies made institutionalized contestation among elites more difficult, the reason being that, as local proceeds from the export sectors were mainly captured by the state, elite conflict for control of the state became incredibly intense, at times even escalating into military intervention.\(^{40}\) Generally speaking, if political conflict is not institutionalized, the resulting uncertainty will prompt elites to invest in interpersonal networks. As North *et al.* explain, such networks ‘serve as a way of identifying which individuals stand together in case violence breaks out’.\(^{41}\) Thus,

\[^{39}\text{Migdal 1988; Lange 2009.}\]
\[^{40}\text{Huber Stephens 1989.}\]
\[^{41}\text{North *et al.* 2009, 173.}\]
based on the argument that, during the process of decolonization, enclave economies increase uncertainty among elites, we can hypothesize the following:

HYPOTHESIS 2: Enclave economies generate a fragmented ownership structure of corruption networks.

So far, we have identified two mechanisms through which a multiplication of corruption networks might occur: the proliferation of local strongmen and heightened uncertainty among elites regarding the outcome of political conflict. In addition to the two structural factors already discussed, these two mechanisms can also be triggered by a third factor: decolonization through armed conflict. More specifically, if decolonization occurs through armed conflict rather than peaceful means, we are likely to see an increase in the number of coercive entrepreneurs. As with strongmen nurtured through colonial rule, the leaders of the newly independent state may have no choice but to co-opt these coercive entrepreneurs into the political system by providing them with institutionalized opportunities for corruption. In particular, armed conflict for independence may swell into a prolonged civil war – and therefore increase uncertainty even further and cause an even greater multiplication of competing centers of coercive power – if it takes place within the context of an enclave economy. The hypothesis that follows from this discussion is thus:

HYPOTHESIS 3: Decolonization through armed conflict sparks a fragmentation of corruption networks.

Both Hypothesis 1 and Hypothesis 3 are based on the assumption that state leaders

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42 Reno 2003.
are too weak to move against fragmented loci of social control or coercive power, respectively. Corruption thus becomes institutionalized in a decentralized fashion as state leaders co-opt local strongmen or coercive entrepreneurs into the political system. However, what if state leaders controlled the *profits of natural resource extraction* that would allow them to either build a competitive, centralized political machine or invest in an efficient military apparatus? Certainly, one could argue that natural resource endowment only increases the value of capturing the state and thus heightens the risk of civil war. However, evidence in the ‘resource curse’ literature seems to suggest that the relationship between resource wealth and civil war resembles an inverted U: As resource wealth increases, the risk of civil initially rises and then falls.\(^43\) That is to say, if state leaders enjoy *high* levels of income from natural resource extraction, this should enable them to centralize corruption:

**HYPOTHESIS 4:** A fragmentation of corruption networks will not occur if the country has a rich endowment of mineral resources.

Finally, building on Charles Tilly's seminal work on state formation in early modern Europe\(^44\), various authors argue that *interstate war* (or the perceived threat of war) allows national leaders to strengthen the central state vis-à-vis social actors, such as local strongmen or warlords.\(^45\)

**HYPOTHESIS 5:** A fragmentation of corruption networks will not occur if the country is exposed to serious external threats.

\(^43\) Collier and Hoeffler 1998; Ross 2012.

\(^44\) Tilly 1992.

\(^45\) See, for example, Migdal 1988, 273-4; Thies 2005.
While the causal mechanism linking external conflict to the construction of a centralized state remains under-researched, Tilly himself argues that the threat of war induces social elites to pay taxes and accept other constraints on their actions, with state leaders then using the tax income to build a centralized army and extend the infrastructural power of the state. However, as studies of state formation in the developing world have argued, for this mechanism to be at work, one needs to assume that the state already commands a certain level of institutional capacity: ‘Wars can only make states if they are preceded by at least a modicum of political organization. Without institutional cohesion, wars will make for chaos and defeat’.\textsuperscript{46} In other words, the effect of external threats may be contingent upon whether colonial powers left behind a significant state apparatus.

\textit{Research Design and Operationalization}

To test the five hypotheses just set out, I employ Qualitative Comparative Analysis (QCA), specifically \textit{crisp set} QCA (csQCA). QCA is geared towards the analysis of small and intermediate-N datasets, with the aim to ‘unravel causal complexity by applying set-theoretic methods to cross-case evidence’.\textsuperscript{47} In particular, QCA is based on the assumption that causal complexity may take the form of ‘multiple conjunctural causation’: (1) it is generally a combination of conditions that produces a given outcome; (2) different combinations of conditions may produce the same outcome; and (3) a condition may have a different effect on the outcome, depending on the context.\textsuperscript{48} This conception of causality aligns perfectly with my theoretical

\textsuperscript{46} Centeno 2002, 106.

\textsuperscript{47} Rihoux 2010, 723.

\textsuperscript{48} Berg-Schlosser \textit{et al.} 2008; Rihoux and Lobe 2009.
expectations that the effect of colonial rule and decolonization on the organization of political corruption may depend on other factors, such as the endowment with natural resources and perceived military threats.

Different sub-types of QCA can be distinguished on the basis of how many values variables (conditions) are allowed to take. Of the three main sub-types of QCA, csQCA, which uses dichotomous variables, is the most appropriate choice here, given that my dependent variable – the organization of political corruption – may only take two values: centralized or decentralized.\(^\text{49}\) Accordingly, the five independent variables identified above also have to be dichotomized, the details of which are summarized in Table 1.

[Table 1 about here]

Cases for analysis were selected based on the general guideline that the case sample for csQCA should provide sufficient variation on each condition, including the outcome.\(^\text{50}\) Moreover, countries drawn into the sample had to fulfil two conditions: They must have (1) experienced colonial rule and (2) implemented an electoral regime after independence. Following these criteria, thirteen countries were selected from across Latin America and East Asia. For analytical purposes, it is probably worth noting that these countries implemented different types of electoral regimes: While Latin American countries, which decolonized in the 19\(^{th}\) century, adopted

\(^{49}\) *Multi-value* QCA (mvQCA) would, in principle, also allow for a binominal dependent variable. However, as mvQCA is a more recent addition to the QCA tool set, it is not yet clear where the problems lie within its application. For a discussion, see Vink and van Vliet 2009.

\(^{50}\) Rihoux and De Meur 2008, 45.
‘oligarchic’ regimes characterized by limited suffrage\textsuperscript{51}, East Asian countries, which decolonized after World War II, generally adopted ‘electoral authoritarian’ regimes characterized by more subtle restrictions of the electoral process. Data on the six variables – the five conditions and the outcome – was collected through qualitative research, relying mainly on secondary academic literature (see Table 2).

[Table 2 about here]

**Empirical Results**

The ‘truth table’ lists the different configurations of conditions observed among the thirteen cases included in the sample (see Table 3). As can be seen, seven out of 32 logically possible configurations ($2^5 = 32$) are covered by my empirical cases; the 25 non-observed configurations are *logical remainders*. Three of the observed configurations – representing six cases (Bolivia, Brazil, Indonesia, Mexico, Peru, Philippines) – produced a decentralized organization of political corruption; the other four observed configurations – representing seven cases (Argentina, Chile, Malaysia, Singapore, South Korea, Taiwan, Uruguay) – produced a centralized organization of political corruption. It is important to note that there are no *contradictory configurations* – that is, configurations that lead to a [0] outcome in some observed cases, but to a [1] outcome in other observed cases.\textsuperscript{52}

[Table 3 about here]

Based on the truth table, the QCA software – using Boolean algebra – minimizes the

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\textsuperscript{51} Drake 2009.

\textsuperscript{52} Rihoux and De Meur 2008, 44-6.
different configurations into the most parsimonious explanation of the outcome. More specifically, it ‘eliminates causal conditions that appear in one combination of factors (conjunction) but not (disjunction) in another combination of factors otherwise equal to the first one’. The following notation is used in the resulting formulae: ‘+’ represents the logic operator ‘or’, ‘*’ the logic operator ‘and’; upper case letters are used when a variable takes on the value [1], and lower case letters are used for [0].

To get to a more parsimonious formula, the QCA software will include logical remainders in the minimization process. It will do this by making simplifying assumptions about whether non-observed configurations produce a [0] or a [1] outcome. Therefore, before proceeding with the minimization, it is important to explore the pool of logical remainders in more detail. Most importantly, the researcher needs to make sure that no logical remainder rests on untenable assumptions. In my case, an untenable assumption would be made if I included [colstate * econ] remainders in the minimization process. This is because, based on what we know about colonialism, a colonial power would not make a large investment in bureaucratic structures to then leave the export sector in the hands of domestic producers. Accordingly, I exclude all [colstate * econ] remainders (N = 8), which leaves me with 17 logical remainders.

After excluding these impossible configurations, I first minimize the [1] configurations without including logical remainders. This yields the following ‘descriptive’ formula:

\[
\text{COLSTATE} \times \text{ECON} \times \text{INDEP} \times \text{natres} \times \text{EXTHREAT} + \]

53 Caramani 2009, 71.
54 Schneider and Wagemann 2012, 209.
(IND)

\[ \text{COLSTATE} \times \text{econ} \times \text{indep} \times \text{NATRES} \times \text{EXTHREAT} + \]

(BRA, PHI)

\[ \text{colstate} \times \text{ECON} \times \text{INDEP} \times \text{natres} \times \text{exthreat} \]

(BOL, MEX, PER)

\[ \rightarrow \text{OUTCOME} \]

When I include the logical remainders, I obtain the following ‘minimal’ formula for the [1] configurations:\(^{55}\)

\[ \text{COLSTATE} \times \text{indep} + \]

(BRA, PHI)

\[ \text{ECON} \times \text{INDEP} \]

(BOL, IND, MEX, PER)

\[ \rightarrow \text{OUTCOME} \]

This minimal formula points to two different pathways that have led to a decentralized organization of political corruption in postcolonial polities. In the first pathway, observed in the cases of Brazil and the Philippines, a minimal colonial state and independence through non-violent means are together a sufficient explanation for the decentralized organization of corruption. The second pathway, observed in three countries (Bolivia, Mexico and Peru), consists of a combination of an enclave economy and independence through armed insurrection. Overall, the minimal formula highlights the importance of colonial rule and the process of decolonization.

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\(^{55}\)The inclusion of logical remainders has been criticized. However, for a defense see De Meur et al. 2008.
for understanding the organization of political corruption. On the other hand, other hypothesized factors – natural resource endowment and external military threats – did not play a role in shaping the institutionalization of corruption in postcolonial states.

Having achieved maximal parsimony, QCA still requires the researcher to provide interpretations – in the sense of ‘asking more focused “causal” questions about ingredients and mechanisms producing (or not) an outcome of interest’.\textsuperscript{56} I will provide such a ‘thicker’ interpretation of the two different pathways in the next section.

INTERPRETING THE RESULTS

The first pathway to a decentralized organization of corruption begins with a low level of colonialism (COLSTATE). Both Brazil and the Philippines lay at the periphery of the colonial empire – the Portuguese and the Spanish colonial empires, respectively. While the Portuguese focus was mainly on colonies in Africa and the profitable slave trade, the Spanish concentrated primarily on areas with rich gold and silver deposits in Latin America. Investments into bureaucratic structures at the periphery of the colonial empire, on the other hand, remained low: Brazil was divided into fifteen privately owned capitania, with settlements largely confined to the coast; similarly, in the Philippines, the Spaniards ‘preserved indigenous local strongmen as subcontracted agents of the state and introduced derivative and discretionary state power as new bases for local strongman authority’.\textsuperscript{57} In Brazil,

\textsuperscript{56} Rihoux and Lobe 2009, 235.

\textsuperscript{57} Burkolder and Johnson 2010, 104-7; Sidel 1999, 15.
political organization subsequently became more centralized, as Portugal stripped the capitania of their political privileges. However, this ‘reorganization still left the patrimonial management of the capitania and its prebendal nature intact’.\textsuperscript{58}

Likewise, the Philippines never experienced any significant investment in state structures – not even after the United States took over the archipelago in the wake of the Spanish-American War in 1898.\textsuperscript{59}

However, a low level of colonization is in itself not a sufficient condition for political corruption to become organized in a decentralized fashion, as is evident from the fact that Argentina, Chile and Uruguay – which had also been cases of peripheral colonialism, characterized by low investment in bureaucratic capabilities – developed more centralized forms of political corruption. Rather, as the ‘minimal’ formula suggests, what produces a decentralized organization of political corruption is the combination of a low level of colonialism and a non-violent transition to independence (indep). In the cases of Argentina, Chile and Uruguay, decolonization occurred through armed struggle, as a result of which the number of military entrepreneurs – in the form of warlord-like caudillos – multiplied greatly. Economic elites, whose power – in all three countries – depended on continued access to export markets, saw this rise of caudillismo as a serious threat. Elites thus rallied around the consensus that, in order to allow the nationally-owned export economy to grow, it was necessary to build a strong state apparatus, capable of enforcing property rights and a monopoly on the use of coercion.\textsuperscript{60} In particular, significant progress towards building a strong state was made, respectively, during the regimes of Juan Manuel de Rosas (1829-1852) and Bartolomé Mitre (1862-1868), the ‘Portalian Republic’

\textsuperscript{58} Uricoechea 1980, 13-14.

\textsuperscript{59} Hutchcroft 2000.

\textsuperscript{60} Kurtz 2013, 87, 102, 122-3.
(1830-1891), and the era of militarismo (1876-1886).\textsuperscript{61}

Subsequently, these state structures also became a key tool in winning elections. In both Argentina and Chile, leaders of the ‘oligarchic’ regimes used the bureaucratic apparatus to engage in systematic electoral fraud and distribute clientelistic goods through local public officials.\textsuperscript{62} With the implementation of electoral reforms – 1912 in Argentina and 1874/1891 in Chile – and the emergence of political parties as the major form of political organization, competition for control of the state’s resources became more intense. However, despite this increase in electoral competition, political corruption remained organized in a centralized fashion, as political parties took over control of the clientelistic distribution of public goods through party-owned networks: In Argentina, the Unión Cívica Radical (UCR) succeeded in establishing itself as the dominant party precisely because it had established a party-owned network of local ward bosses and committees; in Chile, ‘the organization of the Democrats and Radicals into national political structures with local units ... provoked other political groups to follow suit’.\textsuperscript{63} Similarly, with the end of militarismo in Uruguay, the two main parties – the Partido Colorado and the Partido Blanco – established local organizational structures and set about to ‘colonize’ the state.\textsuperscript{64} More specifically, the two parties built a network of clubes políticos for the clientelistic mobilization of voters and designed the 1916 constitution in such a way as to facilitate a política de coparticipación in the extraction of public resources.\textsuperscript{65}

\textsuperscript{61} Lynch 1993, 41-2; Loveman 1988, ch. 4; Finch 1981, 6.

\textsuperscript{62} Collier 1993, 6-7; Remmer 1984, 18-20, 28-30; Rock 2009, 27-8.

\textsuperscript{63} Rock 2009, 56-8, 110-4; Remmer 1984, 70. For a detailed analysis of party-owned clientelism in Chile, see Valenzuela 1977.

\textsuperscript{64} Rama 1987, 36-7.

\textsuperscript{65} In particular, the two parties implemented a Swiss-style collegiate executive and a ‘double
In short, in Argentina, Chile and Uruguay, the multiplication of coercive entrepreneurs led economic elites to agree on the need to invest in a strong state. When more competitive elections were implemented further down the line, political actors established party organizations through a process of ‘territorial penetration’, with the aim of capturing the state and its resources. Political corruption thus became organized in a centralized fashion, mainly in the form of party-owned clientelistic networks.

Brazil and the Philippines, in contrast, made a non-violent transition from colonial rule to independence. As a result, neither country experienced a significant rise of warlordism that would have threatened the growth of the nationally-owned export economy. In turn, this meant that, unlike in Argentina, Chile and Uruguay, there were no incentives to invest in extensive bureaucratic infrastructure and capabilities. Instead, state leaders prioritized the implementation of elections as a mechanism of political control. In fact, in the Philippines, elections were already introduced under US colonial rule – first at the local level, then for offices at the national level. In Brazil, the provision for regular elections was written into the 1824 constitution of the newly independent Empire.

Just to remind ourselves, in Argentina, Chile and Uruguay, state leaders heavily relied on the state’s bureaucratic structures to secure electoral victory. In Brazil and the Philippines, where a similar investment in state structures had not been made, this

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simultaneous vote’ electoral system, which gave voters two votes: one for a party and one for a list of candidates presented by a faction within that party. The purpose of this unusual electoral system was to keep the two main parties together and prevent a fragmentation of the party system.

66 For an explanation of the concept of ‘territorial penetration’, see Panebianco 1988.

67 Elections in the Philippines were implemented in the following order: municipal office (1901), provincial governors (1902), Philippine Assembly (1907), bicameral legislature (1916) and Commonwealth presidency (1935).
was not possible. State leaders thus came to rely on private actors who had acquired political resources under indirect colonial rule – that is, actors with the ability to mobilize people. In particular, in both Brazil and the Philippines, state leaders turned towards landowners, who, due to the lack of state-sponsored coercion, had been the traditional providers of protection to the local population through patron-client networks. The result was a symbiotic relationship between state leaders and local bosses. As Uricoechea explains for the case of Brazil, ‘[m]utual awareness that the state and the landlord each needed the other in equal measure gave rise to a tacit pact resulting in a pattern of exchanges and reciprocities’. More specifically, ‘[i]n exchange for filling a vote quota’, the landlord – or the local boss in general – was given ‘carte blanche for both administration and adjudication in his bailiwick’. Following the same symbiotic logic, the Philippines developed a highly ‘ politicized, and privatized administration of law enforcement’, as ‘local politicians’ discretionary powers over Police and Constabulary forces allowed them to use the coercive apparatuses of the state to staff their private elections campaigns and criminal rackets’.

Political party building in both Brazil and the Philippines thus happened through a bottom-up process of ‘territorial diffusion’, as political actors with ambitions for the executive office sought the electoral support of local bosses and their patron-client networks. In return for their electoral support, local bosses were provided with virtually unrestrained access to public resources through such corrupt practices as clientelism and embezzlement. These institutionalized opportunities for

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70 Love 1970, 11.

71 Hedman and Sidel 2000, 39-40.
corruption, in turn, allowed local bosses – as Hutchcroft observes for the Philippines – ‘to build upon their previously constructed local economic base, consolidate a powerful local political bailiwick, and proceed to emerge as a national oligarchy able to take control of the central government in Manila’.72 And the emerging political elite ran the national government in a similar fashion to their local bailiwicks: ‘In Manila, meanwhile, these legislators likewise exerted influence over the awarding of contracts, concessions, and monopoly franchises, the appointment of ranking officials in national government agencies (e.g., the Bureau of Customs, the Bureau of Internal Revenue), and the allocation of loans by the Philippine National Bank’.73 In Brazil, due to property rights insecurity, controlling an extensive corruption network was an important means for acquiring new agricultural land – and thus for extending one’s economic power.74 As in the Philippines, the decentralized organization of political corruption thus allowed a landowning elite to further consolidate its economic power and entrench itself in the political system.75

In short, in the first pathway – contrary to Hypothesis 3 – it is the absence of the INDEP condition, not the presence, that encouraged a decentralized organization of political corruption. However, as the second pathway makes clear, in combination with an enclave economy (ECON), the INDEP condition does indeed produce the hypothesized effect. This finding can be interpreted in the following way: Enclave economies, because the very concept implies that local profits of the export economy will largely be captured by the state, raise the stakes of control over the state apparatus. The problem is that, with high levels of elite struggle for control of the


73 Sidel 1999, 16.

74 Graham 1994, 22-3;

75 On the role of this political-economic oligarchy in Brazilian politics, see Hagopian 1996.
state, it will be very difficult to establish consensus on how to build a strong state that could effectively enforce a monopoly of the use of force.76 A violent transition to independence can thus create strong incentives for political actors to invest in individually owned corruption networks as a means to increase predictability and for state leaders to co-opt coercive entrepreneurs into the political system by providing them with decentralized opportunities for corruption.

In the cases of Argentina, Chile and Uruguay – as explained above – the nationally-owned export economy produced a highly homogenous economic elite that supported the development of state capacity. State leaders were thus able to solve the problem of warlordism through military means and avoided having to ‘buy’ the loyalty of caudillos through institutionalized corruption. This contrasts sharply with cases that display the second causal pathway – namely, Bolivia, Indonesia, Mexico and Peru – where enclave economies had produced a much less homogenous elite.77 In combination with a multiplication of coercive entrepreneur triggered by a violent transition to independence, this led to prolonged civil conflict in all four cases, which, in turn, provoked a decentralized organization of political corruption.

As Klein explains for the case of Bolivia – where, due to the fact that the tin mining industry was largely under foreign control, ‘the government itself was one of the most lucrative sources of income in the nation’ – ‘the new republic unfortunately inherited a strong tradition of militarism and political violence as a result of the wars of independence, along with a host of newly rise military chieftains who were soon

76 A number of scholars have argued that elite consensus is a necessary condition for state building.

See, for example, Kurtz 2013; Vu 2010; Waldner 1999.

77 The classification of Latin American cases as enclave economies follows Cardoso and Faletto 1979.

The colonial economy in Indonesia was dominated by plantations, ownership of which was largely concentrated in foreign hands. See Robison 2009, ch. 1.
vying with each other for control of the government’. The main form of political organization that emerged were personalistic intra-elite networks, often under the patronage of a caudillo. A more stable elite constellation emerged towards the end of the 19th century when the nationally-owned silver mining industry experienced significant growth; however, reflecting the continuing ‘political style of the golpe de estado’, political parties remained structured around individually owned patron-client networks, with different networks competing against each other for the corrupt extraction of public resources.

In Indonesia, too, elite cohesion was incredibly low. Moreover, armed insurrection against the returning Dutch colonialists after World War II had a lasting impact on the armed forces of the newly independent country, as – after years of guerrilla warfare – local units had become largely self-sufficient by each developing their own sources of income. Civilian governments thus struggled to exercise effective control over the military. It was only under the Suharto regime (1967-1998) that military insurgencies against the central government were brought to an end. To achieve this, Suharto relied on Golkar – a political organization originally set up by the military – to mobilize voters in the regime’s regular elections. In exchange for their electoral support, the military was provided with institutionalized access to corrupt activities – at all levels of the organization: Not only was army personnel placed in government and administration roles, but the regime also encouraged a massive expansion of military business activities – for example, by nationalizing foreign-owned companies and placing them under direct military control. Both of

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78 Klein 1969, 10-11.
80 Case 2002, 33.
81 Crouch 1985.
these newly allocated functions came with ample opportunities for bribery and embezzlement.\footnote{On corruption in Indonesia’s armed forces under the Suharto regime, see Crouch 1975; Mietzner 2009, 49-56.}

In Mexico, the [ECON * INDEP] configuration triggered a fragmentation of political power among relatively isolated regional centers controlled by local landowners and \textit{caciques}. Power became somewhat more concentrated under the rule of Porfirio Díaz (the \textit{Porfiriato}, 1876-1911), without, however, significantly undermining \textit{cacique} rule at the local level. When Díaz’s repression of the peasantry eventually contributed to triggering the Mexican revolution in 1910, this opened up space for a new political experiment: The post-revolutionary leadership, seeking to – first and foremost – establish a stronger state, understood that it was necessary to give both coercive entrepreneurs and mobilized peasants and workers a stake in the to-be-established state. They thus worked towards establishing a political party in 1929 – the \textit{Partido Nacional Revolucionario} (PNR), later renamed PRI in 1946.\footnote{Middlebrook 1995, 23-9; Garrido 1982, ch. 2.}

The party – by organizing peasants and workers into corporatists associations, and monopolizing the clientelistic mobilization of voters – was designed ‘to provide the national political elites with a power base that was separate from and more powerful than those of the local \textit{caciques}’.\footnote{Kaufman Purcell 1981, 198.} At the same time, \textit{caciques} were integrated into the political party through a decentralized organization of corruption. As Morris explains, ‘[t]he impressive opportunities for personal enrichment represented by political appointment … aids in maintaining political support and acquiescence among a diverse set of actors; it help guarantee that participants play by the rules of
the game and not disrupt it’. Nurtured through these institutionalized opportunities for corruption, patron-client networks – the so-called camarillas – developed as the main vehicle for intra-elite competition.

Finally, in Peru, a similar picture emerged in the post-colonial setting, as – for decades – the country was ravaged by endless wars between competing regional oligarchies. Reflecting the turmoil and insecurity, politics became mainly structured around corruption-fueled patron-client networks connecting military caudillos to state administrators and private cronies. The guano export boom that set in in the 1840s allowed the central government to embark on a project of state building. However, although this project succeeded in replacing caudillo rule by a civilian dominated regime, elite conflict remained intense, with competing oligarchical groups aligning themselves with different factions in the military. The political context, characterized by a cycle of military coups, thus continued to provide incentives to maintain individually-owned clientelistic networks.

To sum up, as hypothesized, enclave economies provoked intense elite conflict over control of the state. However, it was only in combination with a violent transition to independence – and the accompanying multiplication of coercive entrepreneurs – that enclave economies also produced a decentralized organization of political corruption. This becomes clear when we compare the second causal pathway to the cases of Malaysia, Singapore, South Korea and Taiwan, which also featured enclave economies. Yet, these countries did not achieve independence through armed insurrection. Instead, the state was captured by political parties through electoral means – as in the cases of Malaysia and Singapore – or through the

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87 Berg and Weaver 1978.
support by relatively cohesive militaries, as in the cases of South Korea and Taiwan. Crucially, these parties had, similar to parties in Argentina, Chile Uruguay, been built through a process of ‘territorial penetration’. This was due to the fact that, in all four countries, colonial powers had invested heavily in state structures, as a result of which – unlike in Brazil and the Philippines – private actors, such as landlords, had not developed strong bases of political resources that could have been used for electoral purposes. The context thus allowed political parties, once in power, to monopolize access to institutionalized channels for political corruption, without having to co-opt fragmented loci of political control or coercive power.

CONCLUSION

With this paper, I aimed to contribute to the growing neo-institutionalist literature on corruption by addressing a question that had until now received very little attention from scholars: How can we explain differences in the institutionalization of political corruption? In particular, how do we explain whether corruption is organized in a centralized or decentralized fashion? Starting from the assumption that, all things being equal, electoral markets do not provide incentives for organizing corruption in a decentralized fashion, I argued that we need to consider incentive structures before the implementation of elections to account for the common occurrence of decentralized patterns of political corruption in the developing world.

In this regard, the configurational analysis identified two conditions that need to be given for politicians to opt for a centralized organization of corruption. First, a certain investment in state capacity and infrastructure must have been made by the time elections are implemented. Without such an investment, it is more cost efficient
to build parties through a process of ‘territorial diffusion’ – that is, by grouping social actors in control of political resources under a national party label. As the cases of Brazil and the Philippines show, this puts these social actors in a strong position from where to construct secure electoral bailiwicks and resist an adjustment of rents from ‘above’. Second, before the introduction of elections, the state should have secured a monopoly on the use of force. If military entrepreneurs continue to challenge elected governments, the resulting insecurity will lead political actors to invest in patron-client networks to increase the predictability of intra-elite conflict.

If either of these two conditions is not met, political corruption will becomes organized in the – less efficient – decentralized fashion.

While more research is needed to understand how the organization of political corruption, once implemented, reproduces itself, it seems that there may be strong path-dependency effects at work. In other words, patterns of political corruption institutionalized with the implementation of elections appear to be very stable over time. In fact, judging from an initial survey of relevant secondary literature, the only country that experienced a dramatic shift from one organizational form to the other is Argentina, where landowning elites aligned themselves with military factions to destroy the UCR’s mass-based electoral regime, resulting in a deinstitutionalization of the party system and a fragmentation of corruption networks.

Moreover, although this point also requires more research, it seems that – echoing similar arguments made by other scholars88 – a centralized organization of political corruption is easier to combat than a decentralized organization. Evidence for this comes from the fact that, among new democracies of the ‘third wave’, those polities that originally developed a centralized organization of corruption (Chile, South Korea, Taiwan and Uruguay) are generally seen as anti-corruption

88 Kelly 2013; Lyne 2008.
overachievers, whereas polities characterized by a decentralized organization are generally placed in the category of anti-corruption underachievers.

Thus, what the paper hints at is that contemporary forms of corruption may not, as the rational-choice approach to corruption argues, be the result of deficiencies in the design of political institutions; instead, they may have been shaped by historical factors. In the developing world, as the analysis has shown, the key context to understand the institutionalization of different forms of corruption was structured by three factors: the extent of colonialism, the structure of the colonial economy, and the level of violence in the struggle for independence.

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TABLE 1  Description and Operationalization of the Conditions and the Outcome

<table>
<thead>
<tr>
<th>Condition</th>
<th>Description and measurement</th>
<th>Dichotomization</th>
</tr>
</thead>
<tbody>
<tr>
<td>OUTCOME</td>
<td>Organization of political corruption; hybrid cases – i.e. cases where some types of corruption are organized in a centralized fashion but others in a decentralized fashion – are classified as decentralized.</td>
<td>decentralized organization = 1; centralized organization = 0</td>
</tr>
<tr>
<td>COLSTATE</td>
<td>Level of colonialism, measured – in particular – by how much the colonial power invested in bureaucratic structures.</td>
<td>low level of colonialism = 1; high level of colonialism = 0</td>
</tr>
<tr>
<td>ECON</td>
<td>Nature of the colonial economy: Was the export sector was under control of foreigners (enclave economy) or domestic producers (nationally-owned economy)?</td>
<td>enclave economy = 1; nationally-owned economy = 0</td>
</tr>
<tr>
<td>INDEP</td>
<td>Means of gaining independence from colonial rule.</td>
<td>independence through armed insurrection = 1; other = 0</td>
</tr>
<tr>
<td>NATRES</td>
<td>Endowment with fuel (e.g. oil, gas) and non-fuel minerals (e.g. gold, iron, copper, tin).</td>
<td>poor endowment with natural resources = 1; rich endowment = 0</td>
</tr>
<tr>
<td>EXTHREAT</td>
<td>Perceived threat of a military invasion by neighboring countries.</td>
<td>moderate external threat = 1; high external threat = 0</td>
</tr>
</tbody>
</table>

Fig. 1. Types of political corruption
### Table 2  Case Sample and Data

<table>
<thead>
<tr>
<th>Case (CASEID)</th>
<th>COLSTATE</th>
<th>ECON</th>
<th>INDEP</th>
<th>NATRES</th>
<th>EXTHREAT</th>
<th>OUTCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina (ARG)</td>
<td>low</td>
<td>nationally-owned</td>
<td>armed insurrection</td>
<td>poor</td>
<td>moderate</td>
<td>centralized</td>
</tr>
<tr>
<td>Bolivia (BOL)</td>
<td>high</td>
<td>enclave</td>
<td>armed insurrection</td>
<td>rich</td>
<td>high</td>
<td>decentralized</td>
</tr>
<tr>
<td>Brazil (BRA)</td>
<td>low</td>
<td>nationally-owned</td>
<td>other</td>
<td>poor</td>
<td>moderate</td>
<td>decentralized</td>
</tr>
<tr>
<td>Chile (CHI)</td>
<td>low</td>
<td>nationally-owned</td>
<td>armed insurrection</td>
<td>rich</td>
<td>moderate</td>
<td>centralized</td>
</tr>
<tr>
<td>Indonesia (IND)</td>
<td>low</td>
<td>enclave</td>
<td>armed insurrection</td>
<td>rich</td>
<td>moderate</td>
<td>decentralized</td>
</tr>
<tr>
<td>Malaysia (MAL)</td>
<td>high</td>
<td>enclave</td>
<td>other</td>
<td>rich</td>
<td>moderate</td>
<td>centralized</td>
</tr>
<tr>
<td>Mexico (MEX)</td>
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<td>enclave</td>
<td>armed insurrection</td>
<td>rich</td>
<td>high</td>
<td>decentralized</td>
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<tr>
<td>Peru (PER)</td>
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<td>armed insurrection</td>
<td>rich</td>
<td>high</td>
<td>decentralized</td>
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<tr>
<td>Philippines (PHI)</td>
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<td>moderate</td>
<td>decentralized</td>
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<td>Singapore (SIN)</td>
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<td>enclave</td>
<td>other</td>
<td>poor</td>
<td>high</td>
<td>centralized</td>
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<tr>
<td>South Korea (KOR)</td>
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<td>enclave</td>
<td>other</td>
<td>poor</td>
<td>high</td>
<td>centralized</td>
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<tr>
<td>Taiwan (TAI)</td>
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<td>enclave</td>
<td>other</td>
<td>poor</td>
<td>high</td>
<td>centralized</td>
</tr>
<tr>
<td>Uruguay (URU)</td>
<td>low</td>
<td>nationally-owned</td>
<td>armed insurrection</td>
<td>poor</td>
<td>moderate</td>
<td>centralized</td>
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### Table 3  Truth Table

<table>
<thead>
<tr>
<th>CASEID</th>
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<th>INDEP</th>
<th>NATRES</th>
<th>EXTHREAT</th>
<th>OUTCOME</th>
</tr>
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<td>1</td>
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<tr>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ARG, URU</td>
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<td>1</td>
<td>1</td>
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<td>0</td>
</tr>
<tr>
<td>BRA, PHI</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
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