Corruption in Latin America: Understanding the Perception-Exposure Gap

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**Abstract:** What factors explain the gap between the perception of and the actual exposure to corruption? We answer this complex question using the 2010 AmericasBarometer survey of 22 countries from Latin America and the Caribbean. We find that whereas experiential corruption is primarily a function of motivations (the assessment that corruption is justifiable), opportunities (involvement in situations of state-citizen contact), and, to a lesser degree, resources (the wealth used to corrupt others); perceived corruption stems from a sense of impunity derived from a negative evaluation of the state’s ability to curb corruption. Lamentably, both phenomena decrease citizen satisfaction with democracy.

**Keywords:** corruption, perception, exposure, democracy, Latin America, Caribbean

The deleterious effects of corruption are widely known. Corruption is said to negatively affect economic agents, domestic public policy makers, international donors, and citizens in general, as it is thought to increase the costs of economic and financial transactions (Mauro, 1995); to create severe inefficiencies in the implementation of public policy (Rose-Ackerman, 1999; Tanzi & Davoodi, 1998), including those funded with foreign aid (Maren, 1997; Mauro, 1997); and, most important, to decrease citizens’ trust in public institutions, politicians, political parties (Van der Meer, 2010; Schwarz-Blum, 2006), and ultimately their support for democracy (Seligson, 2002; Moisés, 2010).

Yet despite these recognized effects, to the best of our knowledge, there are few analyzes (such as Olken, 2006) that try to address the also well-known gap between the perception of and the actual exposure to corruption. In fact, how much corruption there actually is in any given country remains an anathema, as corruption is a multifaceted, complex phenomenon that it is hard to measure and whose exact boundaries are difficult to define. Most proxy measures (or crude assessments) gauge perceptions of corruption, whether by experts – such as CPI (Corruption Perception Index), from Transparency International (2007) –, or by ordinary citizens from a political community. On the other
hand, most of the studies of corruption that go beyond perceptions fail to explore the interconnections (or lack thereof) between individuals’ exposure to the phenomenon and their overall assessment of the country’s degree of corruption (Seligson, 2006).

The primary objective of this study is to begin to fill in this difficult gap. We utilize the 2010 AmericasBarometer individual-level survey data on corruption conducted in Latin America and the Caribbean (N=35,863) by LAPOP (Latin America Public Opinion Project) to explore the factors that help explain this apparent disconnect between experiential and perceptual corruption. Who experiences corruption the most in the region and in which spheres of social interaction? How often do individuals encounter corruption in their daily lives? The use of survey-based data enables us to analyze the socioeconomic, attitudinal and normative profile of the individuals most exposed to corruption and to gauge whether that exposure has any impact on the perception of corruption and on individuals’ satisfaction with the democratic regime.

The next section details the complexity of studying corruption, especially when it comes to defining and measuring this phenomenon. Unit two describes the data used and the hypotheses that this study examines. The determinants of both experiential and perceptual corruption are analyzed in section three, and their impact on satisfaction with democracy is examined in unit four. The last section discusses the public policy implications of the key findings of this analysis.

*The complexity of studying corruption*

There are multiple challenges to the study of corruption; some are general difficulties, some pertain to the analysis of experiential corruption, and others relate to
how perception of corruption is formed and changes over time. One of the first difficulties is how to define corruption, which sometimes entails delimiting the spheres of life where corrupt acts occur. There are maximalist definitions, which see corruption as “an infringement of rules – where a ‘rule’ is a criterion of behaviour that indicates right and wrong ways of doing things” (Newell, 2009: 2). Needless to say, this type of definition opens wide the scope of investigation of corrupt acts and their consequences, as the focus of analysis ceases to be only the dishonest behavior of public officials, to encompass all actions of regular citizens in the privacy of their lives. In a study of corruption and democracy in Mexico, Bailey and Paras (2006: 72), for instance, show that Mexicans overwhelmingly consider as an infringement of rules actions such as “cheating on exams”, making a “long-distance call using someone else’s phone”, and passing “a red light when no cars are around”. Similarly, Redlawsk and McCann (2005: 267) find that, in the United States context, there is a large variation in citizens’ perception as to whether some actions are corrupt, such as when “[v]oters supported a candidate for office in return for a promise to fix potholes in their street” or when an “official recommended an out-of-work friend for a government job.” Evidently, this way of approaching the subject creates serious measurement issues, as a multitude of behaviors can potentially fall into the category of corruption. Furthermore, such definition of corruption has rather limited cross-national applicability, as it is highly context-dependent, given that, as Newell (2009: 2) himself indicates, it refers to a specific moral code from a particular country that an individual behavior has infringed upon.

Minimalist definitions, on the other hand, see corruption as the misuse of public authority for the obtainment of personal rewards (Canache and Allison, 2005; Heywood,
2007; Nye, 1967; Transparency International, 2007). This kind of definition is not devoid of shortcomings either. First, it aggregates into a single category phenomena of different scales. For example, small bribes given to a public employee to have access to public services (i.e. to a nurse in a public hospital to be seen by a doctor faster) end up in the same grouping as massive sleaze schemes that siphon off hundreds of millions from the public purse. Second, there is also a measurement issue. Public opinion surveys can estimate, even if approximately, how often individuals resort to the payment of bribes by asking them directly about the subject – under the assumption that the anonymity of their answers will lead interviewees to feel safe enough to own up to some occasional gray conduct. Large-scale corrupt acts are more difficult to tap, as, assuming that stratified samples do reach the target individuals, the seriousness of some offenses precludes surveys from including in their questionnaires questions such as “Have you ever been involved in influence peddling?” or “Do you, or does anyone that you know, run an extortion racket?” Moreover, the minimalist definition cannot study corruption in the private sector. As a consequence, business transactions based on paid privileged confidential information, piracy, or illegal spying on competitors – assuming that there is a consensus that they are corrupt acts – will remain understudied when one utilizes public opinion surveys to understand the breadth of corruption in a society and its effects.

Despite the limitations of the minimalist definition, this study will utilize it to assess experiential corruption, as it is more focused and workable than the maximalist definition. We will thus focus primarily on corrupt acts stemming from the interaction between individuals and the state, knowing beforehand that surveys are, almost by nature, ill-prepared to capture cases of large-scale corruption.
When it comes to the study of experiential corruption, one of the key challenges pertains to the nature of the relationship among those who participate in corrupt acts. What is really the pattern of their relationship? Seligson (2002 & 2006), for instance, consistently refers to the notion of corruption “victimization”, which implies that corrupt acts have an active perpetrator forcing somebody else (a “victim”) to give him or her personal benefits in exchange for access to material or immaterial resources that the bribe’s solicitor controls. Even though this might be the case in some circumstances, it might not hold true for all kinds of corrupt acts contained in the minimalist definition of corruption. Heradstveit (2001), for instance, shows how exploitative, rent-seeking elites in Azerbaijan actively engage in corruption to have access to the country’s oil revenues. On a more micro-level, some individuals vigorously resort to tax evasion, particularly in social contexts of lack of trust in the government (Scholz and Lubbell, 1998).

This discussion is more than a matter of semantics; rather it has far-reaching consequences, as distinct levels of material wealth, particularly in highly unequal societies, are thought to create different relationships to corrupt acts. You and Khagram (2005), for example, indicate that wealthier citizens have a higher ability to seek out corruption as a means to expedite transactions, whereas poorer individuals are the ones more likely to fall prey to extortion. Furthermore, Redlawsk and McCann (2005: 271) show that citizens of different socioeconomic strata define corruption rather differently. In the light of these previous findings, we will work with the hypothesis that, among those exposed to corruption, there are both individuals who actively search for it for a variety of reasons, as well as others who are just forced to deal with it. In fact, in recognition of this important difference, Alatas (1990) developed an interesting typology,
using the term “transactive corruption” to refer to the first type of cases, and “extortive corruption” to the second type.

Investigating perceived corruption (and its relationship to experiential corruption) can be equally as complicated. First, there might be individual variation in what citizens consider to be corrupt acts (Lascoumes and Tomescu-Hatto; 2008; Sousa, 2008), which impacts individual-based assessments of perception of corruption. Second, at the societal level, there are factors that can buffer or magnify perceived corruption, which not necessarily bear a relationship to actual corruption. Mazzoleni (2008), for instance, shows how partisanship and political trust influence how citizens react to politicians’ corrupt acts. Similarly, Davis, Camp and Coleman (2004) find that the ability of opposition parties to mobilize an anti-incumbent vote based on an anti-corruption platform depends on the nature (size and ideological competition) of the country’s party system, heightening the levels of perceived corruption in some cases but not in others. Sharafutdinova (2007 & 2010), in turn, shows how the Russian elites’ aggressive electoral competition for the control of the state’s revenues gives rise to extremely negative political campaigns; as a consequence, perceived corruption seem to be more a function of unhindered political competition by crony elites than of the actual levels of existing corruption.

Another important factor that has a bearing on perceived corruption is the role of the media in transforming an episode of corruption into a major national scandal. Heywood (2007), for instance, describes that, in Spain, the Spanish Socialist Party’s administration (PSOE’s) had similar levels of corruption as the Popular Party’s government (PP’s); however, the media ferociously exposed the cases of PSOE-related
corruption, and as a consequence, the perceived level of corruption in Spain was substantially higher under the socialist administration than under PP stints in power. Evidently, an active and investigative media presupposes the existence of freedom of the press (Canache and Allison, 2005), which leads us to the also complex relationship between corruption (both perceived and experiential) and political regime.

According to some authors, corruption tends to decrease once the rights and freedoms associated to liberal representative democracies are present (Chowdhury, 2004). A more nuanced view indicates that the cases of corruption tend to spike once democratic regimes are first installed and begin to function, and that it tends to decline progressively as the institutional guarantees of accountability and transparency are firmly upheld (Rock, 2007; Rose-Ackerman, 2007). In the particular context of Latin America and the Caribbean, where there are several cases of somewhat recent transition to democracy, political liberalization is thought not to have significantly reduced corruption. As Whitehead (2000) mentions, new types of corruption have sprung up. Furthermore, the process of economic liberalization – privatization of public companies – created fertile ground for the development of high levels of corruption (Weyland, 1998).

In sum, there are myriad factors that shape perceived corruption, such as partisanship levels, institutional trust, the nature of the political elite’s electoral competition, the role of the media, and the opportunity structure for corruption. Our goal here, however, is not to develop an all-encompassing or even mid-range theory of the causes of perceived corruption, but rather, using survey data, to understand the beliefs that lead individuals to perceive corruption and whether those beliefs arise out of experiential corruption or are unrelated to it. The hypotheses described in the next section
clarify these objectives; but before examining them, we will first give details about the data used in this study.

*Data and hypotheses*

The AmericasBarometer survey used here was administered in twenty-four countries of Latin America and the Caribbean in the first months of 2010, using a questionnaire with core items that are absolutely identical in each of the countries, guaranteeing the cross-country comparability of results. Data were collected through face-to-face interviews; each country’s survey was based on a “multi-stage probabilistic design (with quotas at the household level), and were stratified by major region of the country and by rural and urban areas” (Seligson and Smith, 2010: XXIX); the margin of error is ±2.5 or less; each country’s sample has 1,500 or more interviews, and the overall sample for Latin America and the Caribbean has more than 40,000 interviews.

The 2010 AmericasBarometer has a series of questions that enable us to examine both experiential and perceived corruption, and, more importantly, whether the first feeds into the second. As shown in Table 1, there are seven questions that investigate experiential corruption. We will use these seven questions to create one of our dependent variables: “exposure to corruption” (Cronbach’s Alpha is 0.72). It is important to emphasize that, whereas the first five items focus unequivocally on situations of citizen-state contact, this is less clear in the case of the last two questions (corruption at work and in schools), as one cannot know for sure whether the respondent works directly for, or indirectly with, the government, and whether his or her child studies in a public school.

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1 The N in Argentina was 1,410 in 2010. Please note that the same questionnaire was also administered in Canada (N=1,500) and the United States (N=1,500), using a web survey; however, we do not include the data for these countries in this study, as the focus is on Latin America and the Caribbean.
As a consequence, the inclusion of these two last questions slightly modifies the minimalist definition of corruption mentioned before.

Table 1. Descriptive statistics on specific survey items.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Survey item</th>
<th>N</th>
<th>Yes (%)</th>
<th>No (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Experiential corruption</strong></td>
<td>Police officer asked for a bribe</td>
<td>35,667</td>
<td>10.2</td>
<td>89.8</td>
</tr>
<tr>
<td></td>
<td>Government employee asked for a bribe</td>
<td>35,676</td>
<td>5.8</td>
<td>94.2</td>
</tr>
<tr>
<td></td>
<td>If in touch with the city, paid bribe to city worker</td>
<td>7,145</td>
<td>13.7</td>
<td>86.3</td>
</tr>
<tr>
<td></td>
<td>If in touch with the justice system, paid bribe to the courts</td>
<td>3,873</td>
<td>13.4</td>
<td>86.6</td>
</tr>
<tr>
<td></td>
<td>If used public health services, paid bribe in a public hospital</td>
<td>16,893</td>
<td>7.2</td>
<td>92.8</td>
</tr>
<tr>
<td></td>
<td>If works, paid bribe at work</td>
<td>19,630</td>
<td>6.0</td>
<td>94.0</td>
</tr>
<tr>
<td></td>
<td>If has child in a school, paid bribe at the child’s school</td>
<td>14,602</td>
<td>7.3</td>
<td>92.7</td>
</tr>
<tr>
<td><strong>Rational-choice corrupter</strong></td>
<td>“Given the way things are, sometimes paying a bribe is justified”</td>
<td>34,704</td>
<td>15.5</td>
<td>84.5</td>
</tr>
<tr>
<td><strong>Anti-corruption crusader</strong></td>
<td>Corruption is “the key problem that the country faces”</td>
<td>35,223</td>
<td>6.8</td>
<td>93.2*</td>
</tr>
</tbody>
</table>

*Answers other than “corruption”.

What are the key instances where corruption takes place in Latin America and the Caribbean? The descriptive statistics reveal that public hospitals, the workplace and schools have comparatively fewer levels of experiential corruption. Interactions with the police, on the other hand, are a fertile opportunity structure for corrupt acts to occur. Interestingly, experiential corruption takes place primarily in the municipal government and the courts, which it is an important piece of information as these are governmental entities that directly process demands from citizens. This observation leads to our first hypothesis: we expect that citizens who report making demands on governmental
agencies are more likely to experience corruption than those who do not contact the public sector to have their claims processed.

Lamentably, the seven questions about experiential corruption that compose the dependent variable do not enable us to contribute significantly to the corruption “victim” vs. active corrupter controversy in the literature mentioned above. Even though the first two items phrase the question about contact with corruption using a “victim” framework (“has a police officer asked you for a bribe in the last twelve months?” and “[i]n the last twelve months, did any government employee ask you for a bribe?”), the other five questions query the respondent as to whether he or she paid a bribe in different instances, which may include both sought-for and forced-upon corruption. However, the AmericasBarometer does have a very straightforward question that can be used to gauge sought-for experiential corruption. The question is “[d]o you think given the way things are, sometimes paying a bribe is justified?” As Table 1 indicates, 15.5% of our sample answered positively to this question, which suggests that these individuals (henceforth, “rational choice corrupters”) view corruption as a justified means to expedite transactions and, as such, have a higher propensity of engaging into corrupt acts. In fact, Huntington (1968), for instance, argues that engaging in corruption can be a rational behavior, i.e. it improves efficiency, when individuals have to deal with large, complicated, and sluggish public bureaucracies. Similarly, describing the situation in Brazil, Taylor (2010: 93) mentions that:

“Corruption is often presented as rational (if still unethical) response to local conditions. For example, the level of taxation is so high (comprising roughly 37 percent of gross domestic product, as compared to 19 percent in Chile, and 25 percent in Argentina), that tax evasion has become a survival strategy for some businesses. Further, in a corrupt environment, businesses may find it difficult to compete against bribe-paying competitors, thus increasing the likelihood of engaging in bribery themselves.”
Our hypothesis, thus, is that acceptance of corruption increases the chances of exposure to it: i.e. rational choice corrupters will seek out corruption (for instance, by offering someone a bribe) whenever an opportunity to do so arises.

The AmericasBarometer survey also allows us to single out individuals who are highly concerned with corruption. One of its questions asks individuals about what they deem to be the “key problem that the country faces”. This particular survey item can be highly useful, as it tracks interviewees’ spontaneous answers, i.e. interviewers ask the respondents this question without giving them alternatives. As Table 1 indicates, 6.8% of the Latin American and the Caribbean sample seem to be what we will call “anti-corruption crusaders”: i.e. of their own volition they indicate “corruption” as the gravest difficulty for their countries. It is hard to craft a clear hypothesis about what the impact of being an “anti-corruption crusader” is on experiential corruption. Even though it is possible that these individuals never pay bribes because they morally object to them, and, as such, do not experience corruption (a significant, negative effect); it is also feasible that they are so adamant against corruption because they have come across corrupt public officials, were led into paying bribes and found that reprehensible (a significant, positive effect). On the other hand, we know that anti-corruption crusaders do not believe that, “given the way things are, sometimes paying a bribe is justified”: Spearman’s rho test clearly shows that they are not rational choice corrupters.²

Now when it comes to the variable “perception of corruption”, we used the following AmericasBarometer survey item: “Taking into account your own experience or

² The Spearman’s rho, which measures the statistical correlation between two variables (in this case, anti-corruption crusaders and rational choice corrupters), is 0.021 (at .0001), with N=34,109, which is extremely low.
what you have heard, corruption among public officials is very common, common, uncommon, or very uncommon”? The pattern of distribution of the answers was: 4.7% very uncommon, 14.6% uncommon, 36.0% common, and 44.6% very common.

Although most interviewees believe corruption is not infrequent, there is considerable cross-country variation in that belief. When we create a scale of perceived corruption (with the following values: 0=very uncommon; 33=uncommon; 66=common; 100=very common), we see that whereas in Suriname, for instance, the mean response to this question is 50.5, in Jamaica, it is 81.7 and 83.1 in Trinidad & Tobago.

Even more interestingly, when we maintain this national-level focus, we see that there is a considerable gap between experiential and perceptual corruption in quite a few countries. The first plot on Figure 1 shows that there is no linear relationship between perception of corruption (x-line, mean country value) and the actual experience of corruption. In the second plot, for clarity’s sake, we crossed the y-line (experiential corruption) at the 50% level of the x-line; labeled each dot with its respective country’s name; and divided the plot into four parts, medium to high perception and low to high exposure, which are rather arbitrary categorizations, done with the sole purpose of aiding the analysis.

Figure 1. Country-level gap between perceptual and experiential corruption.

3 The Spearman’s rho, in this case, is 0.066 (at .0000), with N=36,984.
As this second plot indicates, there are some countries where there does not seem to exist a gap between experiential and perceptual corruption. There are low exposure-medium perception cases, such as Suriname, Uruguay, and El Salvador; and high
exposure-high perception cases, such as Peru, Paraguay, Mexico, and Bolivia. On the other hand, there are several cases where the gap can be easily visualized: Trinidad & Tobago, Jamaica, Colombia, Costa Rica and Panama are all cases of comparatively low exposure to corruption, but high levels of perception. Chile and Brazil form an interesting contrast, in the sense that while the former has comparatively low levels of experiential corruption and a substantial degree of perceived corruption, the latter has the opposite (i.e. substantial exposure and comparatively low perception). Finally, Haiti is a clear outlier, as it has the highest level of experiential corruption among the group, but the fourth lowest level of perceived corruption. However, in the case of this Caribbean country, one has to take into consideration that the 2010 AmericasBarometer took place a few months after a high-magnitude earthquake had wreaked havoc on Haitian territory, causing over 300,000 deaths, massive devastation and homelessness, and a widely-reported collapse in the availability of public services (Fraser, 2010). Thus, Haiti could be nothing more than a temporary outlier; which also serves as a word of caution for the fact that the countries’ placement in the second plot’s matrix should not be seen as static, as it can change over time, depending on temporal-specific national circumstances.

What are our key hypotheses for the explanation of perceived corruption, and particularly the gap between perceptions and exposure? Previously, we indicated that there is a plethora of factors shaping perceived corruption in any given country, ranging from partisanship levels, the features of the party system, the nature of the electoral competition among elites, the role of the media (and the guarantees given to freedom of the press), and the opportunity structure for corruption, to name but a few. However, for the most part, these are elements that shape individuals’ relationship with the political
universe; they are not individual beliefs per se. In terms of the latter, we expect perceived corruption to be related to a sense of impunity: to a rudimentary and essentially negative assessment of the functioning of institutions, allowing for cases of corruption (however, big or small) to be seen as going unpunished. As such, we hypothesize that individuals who lack trust in the justice system and who evaluate that the government is not doing much to combat corruption are the ones who will contribute the most to high levels of perceived corruption.

**Experiential and perceptual corruption: determinants and inter-relationship**

In order to understand the determinants of both experiential and perceptual corruption in Latin America and the Caribbean, and, more importantly, whether, and to what degree, the latter reflects the former, we ran two multivariate regression analyses. When it comes to examining exposure to corruption, we utilize the standard socioeconomic factors, such as age, gender, educational level, income, urban vs. rural dwelling, size of the municipality (i.e. number of inhabitants), and a self-reported measure of perceived family economic situation. In addition, we investigate the potential impact on exposure to corruption of one being a rational choice corrupter and an anti-
corruption crusader and of one making demands on the city government\(^5\). Finally, we include a measure of trust in the country’s justice system as well (the latter varies between zero for no trust, to 100 for a lot of trust). Earlier in this study, we hypothesized that individuals that resort to the municipal government to have their problems solved are more likely to encounter corruption, and that rational-choice corrupters will likely be more exposed to corruption as they see it as a legitimate means of speeding up transactions.

Figure 2 displays graphically the results of our analysis. In this figure (and in the two others that will come later in the text), each dot represents the regression coefficient, which is surrounded by a horizontal bracket indicating the corresponding 95% confidence interval. Whenever this bracket does not cross the zero vertical line, the result is statistically significant with 95% of confidence. Furthermore, when the dot falls to the left of the zero line, the independent variable has a negative effect on the dependent variable, and the opposite is true when it falls to the right of the vertical line.

The data show, first, that the two most important determinants of experiential corruption is being a rational-choice corrupter and being male. Needless to say, this is a major finding, as it calls for a review of academic and non-academic works that treat exposure to corruption using solely a corruption victimization framework. At least in Latin America and the Caribbean, we can safely say that there are citizens who actively seek out corruption, mainly because they find justifiable to resort to activities that others might find reprehensible. Anti-corruption crusaders, by contrast, experience corruption much less frequently than their corruption-prone counterparts. As mentioned before, our

\(^5\) The question used here was whether the interviewee has “sought assistance from or presented a request to any office, official or councilor of the municipality with the past 12 months?”, which was codified as 1=yes and 0=no.
(Spearman) test indicated that anti-corruption crusaders do not find corruption justifiable, which leads one to think that this particular category of individuals could be deemed “victims” of corruption (i.e. they do not seek out corruption). It is plausible to conceive that they came across corrupt public officials and bribes were forced upon them, which they condemned, thus heightening their sense of the danger that corruption poses to the country. However, it is important to keep in mind that, in this particular region of the world, there are few anti-corruption crusaders, and that, as indicated in Table 1, rational-choice corrupters outnumber them by more than two-to-one.

Interestingly, being male also ranks high as a determinant of experiential corruption, i.e. in Latin America and the Caribbean, women are much less likely than men to be involved in corrupt acts. This finding corroborates works on the theme done in this region (Bailey and Paras, 2006) and in others, such as in the United States (Swamy et al, 2001). It is also worthy noting that, in the context of the 2010 AmericasBarometer survey, men contacted the city government more often than women did. Among those who resorted to this instance of power to have their key demands addressed, 52.2% were males, against 47.8% females – a statistically significant difference (Pearson chi2(1) = 16.3502, Pr=0.000). This is a revealing piece of information, as demand-making on municipal government is an important determinant of experiential corruption as well. Thus, as we hypothesized, citizen-state contact at the local level increases the probability of one being exposed to corruption.

Figure 2. Determinants of Experiential Corruption in Latin America and the Caribbean
Lack of trust in the judicial system also ranks high (after being a rational-choice corrupter and male) as an explanatory factor of experiential corruption, which comes as no surprise. As Rose-Ackerman (2007) pointed out, when rule of law is not firmly upheld especially due to the presence of ill-performing judicial bodies, citizens look for alternative ways of proceeding, and the latter are usually of questionable legality. Evidently, this finding has clear public policy implications, which corroborates the point made by Leitki (2006), according to whom citizens who trust public institutions are more likely to exhibit “civic morality”, i.e. to not engage in corrupt acts. Efficient institutions increase citizens’ trust in them, which creates incentives for a law-abiding behavior.

As shown on Figure 3, which is based on Figure 2’s regression results (and controls for the impact of the other variables), higher levels of material wealth also correlate with more exposure to corruption, which confirms the literature (such as della
Porta & Vannucci, 1999; You & Khagram, 2005) that seeks to establish a link between a society’s structure of class segmentation and the propensity to participate in corrupt acts. As Nice (1986: 288) puts it rather bluntly, “[w]ithout adequate funds, no one can engage in bribery and its many cousins”. Our results clearly show that the more affluent individuals, who have more opportunities and resources to resort to corruption, do make extensive use of those advantages in the context of Latin America and the Caribbean.

Figure 3. Income, Age, Education and Exposure to Corruption

There are also other individual-level features that heighten the likelihood of an individual experiencing corruption, such as age and education. When it comes to age, as Seligson (2006) indicated, there is a life-cycle component: the oldest cohorts, and to a certain extent the youngest group, have a lower chance of being involved in corrupt acts than an age group in the middle (those between 26 and 45); the latter tend to be
independent individuals (i.e. no longer living with their parents), at the beginning of their lives, and engaging in activities (such as buying houses, registering babies, and seeking licenses, for instance) that are instances of state-citizen contact where corruption can take place. The effect of education follows a somewhat similar trajectory. Experiential corruption peaks among those with primary education and it decreases for the other educational groups, which suggests that, whereas the possession of literacy skills seems to be an important factor for people to be exposed to corruption, higher levels of educational attainment discourage corruption-prone behavior. The latter may be more cognizant of legal alternatives to corruption, or may condemn it to a higher degree.

When it comes to perceived, rather than experiential, corruption, we tested the impact of the additional factors: political interest, political knowledge, interpersonal trust, trust in the justice system, an evaluation of whether the government is combating corruption, satisfaction with the performance of the sitting head of government, and most important, experiential corruption. The results are graphically presented in Figure 4.

We find that the view that the government is not doing much to combat corruption in the country is a very powerful predictor of the perception of corruption. Tellingly, lack of trust in the justice system also ranks high. Undoubtedly, together these two determinants convey the idea that those who perceive corruption the most harbor a sense of impunity: the impression that either petty or grand corruption or both are running amok and are being met with the connivance of the very public authorities theoretically in

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6 Political interest measures the self-reported level of the interviewee’s interest in politics: 0=none, 33=little, 66=some; 100=a lot. We used the correct answer to the following question to gauge political knowledge (coded as 1=correct; 0=incorrect): “How long is the president’s term in [country’s name]? ” Interpersonal trust varies from 0=“people from around here” are untrustworthy, 33=they are not very trustworthy, 66=they are somewhat trustworthy, and 100=they are very trustworthy. The interviewee’s view as to the extent that the government is combating corruption varies from 0=not at all to 100=a lot. Finally, satisfaction with the performance of the current head of government is coded as 0=very bad, 25=bad, 50=neither good nor bad, 75=good, and 100=very good.
charge of wiping them out. Similarly, dissatisfaction with the performance of the sitting head of government contributes to the explanation of the phenomenon as well. Perception of corruption hits the highest point among those displeased with the functioning of the current administration, which further corroborates the point that perception of corruption correlates with the feeling of unmet expectations: *status quo* is substandard, and for sure there is a better and more desirable alternative – regardless of how feasible it is.

Figure 4. Determinants of Perception of Corruption

Besides the sense of impunity and a negative assessment of the functioning of institutions and administrations, an individual-level feature plays a key role in shaping levels of perception of corruption: formal schooling. In fact, education – and, in particular, low educational attainment – ranks at the top of the listed predictors of perceived corruption: individuals in the lower educational brackets are the ones more
likely to deem that corruption is a common phenomenon among public officials. As Figure 5 makes evident, the educational groups with the highest perception of corruption are also the ones who experience it the most. However, there are disparities. Individuals with no literacy skills have a heightened sense that corruption among public officials is commonplace, which it is incompatible with their lived experience (we saw in Figure 4 that this group has comparatively little exposure to corruption). This gap between experienced and perceived corruption is also visible when it comes to age and income (which have less explanatory impact on perceived corruption than education). Corruption is more widely noted by the age groups (46-65 and 65 and over) who experience corruption the least. Similarly, but in an inverted manner, the more affluent groups, who are highly engaged in corrupt acts, place low in terms of perception of corruption.

More importantly, going back to Figure 4, experiential corruption does have a positive significant effect on perception of corruption. However, the effect is rather

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7 The figure is based on the regression coefficients shown on Figure 4.
reduced; in fact, it is substantially smaller than the effect of lack of trust in judicial institutions or of the view that government is not as intent on tackling corruption as it should. In other words, whereas exposure to corruption associates strongly with the belief that corruption is justified, and with males in contact with governmental actors, particularly at the local level; perception of corruption stems from a rudimentary negative assessment of the functioning of institutions and governments, and the view that impunity exists, it is unwanted and could be dealt with by the public authorities.

This study, thus, confirms the conclusion of other works, such as Olken (2006), which found only a weak relationship between perceived corruption and the actual corruption levels. In Latin America and the Caribbean, experiential corruption is a mainly function of motivations (individuals who seek out corruption because they find it justifiable), opportunities (citizen-state direct interactions), and, to a lesser extent, resources (individuals who have the means of engaging into corruption). Perceived corruption, on the other hand, has strong evaluative and normative components: individuals believe that existing corruption goes unpunished, courts are untrustworthy, and governments are not putting a dent on impunity. These individual assessments, however, are not strongly determined by the actual individual exposure to corruption.

Corruption and Satisfaction with Democracy

Do experiential corruption and/or perceived corruption have any bearing on a country’s democratic regime? This section analyzes whether corruption impacts satisfaction with democracy in Latin America and the Caribbean. Evidently, if we find that the perception of corruption or the exposure to corruption bear no weight on the
levels of citizen satisfaction with the political regime, then these phenomena are less relevant for policy makers and democracy enthusiasts in general. However, if the opposite is true, then the study of corruption becomes more relevant than ever.

In order to investigate the potential impact of corruption on the democratic regime, we selected the following AmericasBarometer survey item to be the dependent variable “satisfaction with democracy”: “In general, would you say that you are very satisfied, satisfied, dissatisfied or very dissatisfied with the way democracy works in [your country]? We codified the answers as very dissatisfied=0, dissatisfied=33, satisfied=66, and very satisfied=100. The mean for the Latin American and the Caribbean region is 52.1, with a standard deviation of 24.0; the country-level mean range varies from 67.9 in Uruguay (standard deviation of 18.8) to 43.8 in Guyana (standard deviation of 26.3).

We ran a multivariate regression analysis on the determinants of satisfaction with democracy. The results are reported in Figure 6. As one can see, higher levels of interpersonal trust, income, political knowledge, and political interest associate with increases in satisfaction with democracy, whereas lower levels of education correlate with decreases in democratic satisfaction.

Confirming other pieces on the theme, however, an individual’s level of satisfaction with democracy is highly dependent on the level of satisfaction with the performance of the sitting head of government and his or her administration’s perceived economic performance. Przeworski et. al. (2000), for instance, using country-level aggregate data, showed that economic performance, particularly declining levels of

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8 The only variable added to this regression that had not being used previously is the perception of the government economic performance, which varies between 1=very bad, 2=bad, 3=good, and 4=very good.
economic inequality, is of utmost importance to the survival of democratic regimes. This study provides survey evidence that there is also a link between sound economic performance and individual-level satisfaction with the democratic regime.

Figure 6. Impact of Corruption on Satisfaction with Democracy

Interestingly, trust in the justice system ranks next in terms of its impact on satisfaction with democracy: the higher the level of confidence in the institutions responsible for procedural justice, the higher it is the level of satisfaction with democracy. This result is not new, and corroborates the findings of other authors (Moisés & Carneiro, 2008; Weitz-Shapiro, 2008), but it is extremely important in the context of this study, as we saw previously that lack of trust in the judiciary is a strong determinant of both experiential and perceptual corruption. That is not to say that latter two do not have an independent effect of their own. In fact, the data displayed on Figure 6 show that
both decrease citizen satisfaction with democracy. The effects of exposure to corruption are more damaging than the ones of perceived corruption, but the latter has undoubtedly a negative effect as well. Nevertheless, a justice system that it is seen as untrustworthy seems to give individuals the motivation and justification for seeking out corruption, thus, enhancing corruption exposure. Similarly, an ill-performing judiciary magnifies the sense that impunity runs amok, which increases the level of perception of corruption. Consequently, trust in the justice system, which is a cornerstone of a healthy democracy, also plays a key role in fostering “civic morality” (Leitki, 2006) by creating the normative environment where both petty and grand corruption are considered unjustifiable, and where impunity, rather the rule, is seen as something few and far between.

**Conclusion**

This study has shown that experiential corruption and perceived corruption are distinct phenomena, and are rather loosely related. “Corruption exposure” and “experiential corruption” are better terms than using solely the “victimization” framework to analyze corruption. Not everyone exposed to corruption is a victim. Quite the contrary, in Latin America and the Caribbean, there are “rational choice corrupters”, who approve of corruption as a means to speed up transactions with the public bureaucracy, resort to it, and admit resorting to it when questioned about it in surveys. As mentioned before, being male and a corruption pragmatist are strong predictors of exposure to corruption. In addition, the data examined here suggest that citizen-state interactions are the prime loci where corruption takes place; but, as we cautioned, this
could result from the fact that most surveys are ill-equipped to tap corruption in the private sector.

Latin America and the Caribbean also have what we named “anti-corruption crusaders”. These are individuals highly concerned with corruption, which they deem to be the most pressing problem of their countries. The crusaders, which are largely outnumbered by rational choice corrupters, seem to be true “victims” of corruption. They also report engaging in corrupt acts, but as they find corruption unjustifiable, it is reasonable to think that, instead of, for instance, them offering bribes to get things done, that the latter were forced upon them.

Experiential corruption, thus, is strongly related to motivations and opportunities. Individuals with the mindset that corruption is acceptable have a higher propensity of encountering corruption that those who take the opposite stance. Those dealing with the governmental bureaucracy more frequently are also more likely to be exposed to corruption. Evidently, it takes resources (from the victim or the rational choice corrupter) to participate in corruption acts; consequently, material wealth also plays a role in the explanation of experiential corruption.

Perception of corruption is a distinct class of phenomenon. It stems from a negative evaluation of the functioning of key democratic institutions, which gives rise to a sense of impunity: those engaged in corruption are believed to get off scot free, thus undermining the credibility of the state’s institutions. Citizens’ actual experience with corruption contributes very little to the explanation of the levels of perceived corruption. In fact, we have shown that, even though this is not the case for all categories of individuals, there are some demographic groups with rather reduced exposure to
corruption that deem corruption to be rampant in their country, which highlights the disconnect between experienced and perceived corruption.

Interestingly, views about a country’s justice system seem to be the thread that links both experiential and perceived corruption. When the courts are seen as ill-prepared to deal with the cases of corruption, there is a hike in these two kinds of corruption. There is no denying that an inefficiency judiciary contributes immensely to engendering rational choice corrupters: individuals who gather that, “given the way things are”, corruption makes sense, i.e. is a more expeditious and efficient method of moving about in a society. Similarly, when the judicial institutions become the country’s laughing stock, the perception that corruption exists and goes unpunished increases.

If studying corruption is complex, examining its public policy consequences is no less difficult. Evidently, taking measures to enhance probity among governmental officials (such as higher pay for the police force, for instance) is an important step towards reducing the opportunities for corruption in the state-citizen interaction. Creating a more efficient justice system is also central for the long-term enhancement of civic morality, and the reduction of the view that corruption is justifiable. In the short-run, however, as noted by Bailey and Paras (2006: 62), a judiciary in a highly prosecutorial mode can actually enhance the levels of perceived corruption. Nevertheless, over time, an active and efficient justice system can give individuals the sense that the state is going at great lengths to stifle corruption and prosecute those implicated in it.

References.


