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Source: *Latin American Politics and Society*, Vol. 53, No. 1 (Spring 2011), pp. 33-58

Published by: Distributed by Cambridge University Press on behalf of the Center for Latin American Studies at the University of Miami

Stable URL: <https://www.jstor.org/stable/41342299>

Accessed: 28-01-2022 03:04 UTC

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Political Corruption in Central America: Assessment and Explanation

J. Mark Rubl

ABSTRACT

Analysts agree that political corruption is an obstacle to democratic consolidation but disagree about how to measure the extent of corruption in individual nations. This analysis of the Central American countries demonstrates that the most important competing quantitative measures of political corruption produce strikingly different rankings. These contradictory results are caused less by poor measurement techniques than by the existence of two different dimensions of corruption that do not always coincide. Statistical indicators based on expert perceptions of corruption and alternative indicators based on ordinary citizens' firsthand experiences with bribery measure, respectively, grand corruption by senior officials and petty corruption by lower-level functionaries. This study attempts to explain why several Central American nations suffer primarily from one or the other rather than both. It advances recommendations for future research and future anticorruption policies that may be applied to Latin America as a whole.

Political corruption is widespread in Central America. Daily newspapers from Panama City to Guatemala City regularly report lurid bribery and embezzlement scandals involving senior public officials. During the last decade, former presidents of Nicaragua, Guatemala, and Costa Rica have been indicted for high-level corruption involving millions of dollars. Moreover, polls show that ordinary Central Americans frequently have to pay bribes to lower-level officials simply to gain access to basic public services. Both high-level (grand) corruption and lower-level (petty) corruption have plagued this region since colonial times, but many observers expected that the spread of electoral democracy in Central America since the 1980s would encourage greater integrity in government at both levels. Instead, political corruption is perceived to have increased with democratization. The perception of rising corruption has undermined the popular legitimacy of elected governments and has obstructed democratic consolidation.¹

The first step in addressing political corruption should be to find the most accurate ways to measure its extent, but this is not an easy task. The development of new quantitative measures of corruption since the mid-1990s raised hopes for rapid progress in understanding this global problem, but a proliferation of statistical indicators has instead brought controversy and confusion. The use of different measures of corruption

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has produced very dissimilar results. For example, the 2008 Corruption Perceptions Index (CPI, see Transparency International 2008) and the 2007 World Bank Control of Corruption (WBCC) indicator both rate Costa Rica as the least corrupt country in Central America, but the 2008 Latinobarómetro poll found that a much larger percentage of Costa Ricans reported knowing of corrupt acts in their nation over the previous 12 months than any other Central Americans. Is Costa Rica Central America's cleanest country or its most corrupt?

This article analyzes the most important quantitative corruption measurement options currently available and shows how they apply to Central America. It demonstrates that competing measures of corruption based on expert perceptions and on citizen bribery experiences produce remarkably different rankings of the Central American countries. Instead of arguing, as others have, that one of these types of indicators is superior to the other, this study asserts that their ranking results differ primarily because the two types of indicators measure two different dimensions of corruption that do not always coincide. Expert perception measures like the CPI and the WBCC indicator appear most accurately to gauge grand corruption by senior officials, while citizen bribery experience measures developed by the Latin American Public Opinion Project (LAPOP) and the Latinobarómetro survey solely estimate petty corruption by lower-level functionaries. Several Central American countries, including Costa Rica, are shown to suffer primarily from one or the other of these forms of corruption, rather than both. A comparative summary assessment of corruption in the six Central American nations takes both types of corruption into account.

The study also proposes an explanation for why grand corruption levels and petty corruption levels sometimes diverge in Central America and elsewhere. It argues that although some causal factors may affect both kinds of corruption, other independent variables appear to influence either grand corruption or petty corruption exclusively. Consequently, nations that experience serious high-level corruption but relatively little lower-level corruption are likely to be countries in which the factors that promote grand corruption are present but those that cause petty corruption are not. This argument is illustrated empirically by examining the possible influence on Central American corruption levels of three independent variables: a new index of bureaucratic procedural burden ("red tape"), economic development level (GDP per capita), and independence of judicial law enforcement. In conclusion, this article offers recommendations for future research on corruption, along with observations on future anticorruption policy that may be applied to Latin America as a whole.

COMPETING QUANTITATIVE MEASURES OF CORRUPTION

Most analysts define corruption as “the abuse of public office for private gain” (World Bank 1997, 8). Common abuses by elected or appointed public officials include bribery, embezzlement, influence peddling, and nepotism. Grand corruption “involves senior politicians and government officials” and large sums of money, while petty corruption “involves lower-level state functionaries” and small sums of money (Johnson and Sharma 2004, 8).

Few social science concepts are inherently more difficult to measure, because most corrupt acts are illegal and take place in secret. Individuals who might expose corruption often fear reprisals. No measure of the phenomenon, therefore, will ever be accurate enough to be entirely satisfactory. Seemingly objective measures based on the number of corruption prosecutions or convictions in a country, or a content analysis of the frequency of corruption articles in a nation’s leading newspapers, will produce useless statistics (Galtung 2006, 101–2; Miller 2006, 165; Seligson 2006, 383–86). Conviction rates reflect the strength of the criminal justice system as much as the level of corruption; convictions will be more frequent in high-integrity countries like Sweden than in thoroughly corrupt nations such as Zimbabwe. A newspaper’s coverage of corruption may be biased by the politics of its owners as well as their expectations of readers’ interests. The most widely used quantitative measures of corruption, the CPI and the WBCC indicator, draw instead on the subjective perceptions of individuals who are thought to be knowledgeable about corruption in particular countries. Although perception and reality are obviously not the same, scholars who employ expert perceptions (e.g., Thacker 2009, 206) assume that they have a basis in reality and that they reflect actual corruption levels reasonably well.

The Corruption Perceptions Index (CPI)

The anticorruption NGO Transparency International (TI) created the CPI in 1995. It quickly became the best-known political corruption measure. The CPI has also stimulated many cross-national, quantitative studies of corruption’s possible causes and effects (Mauro 1995; Triesman 2000; Montinola and Jackman 2002; Canache and Allison 2005).

The 2008 edition of this composite index merged the results of 13 different surveys of country analysts and business executives conducted in 2007 and 2008 by 11 independent institutions to assess the extent of corruption (Lambsdorff 2008). Many scholars consider the CPI to be a very reliable measure because it combines so many reputable, highly

Table 1. Corruption Perceptions Index for Central America, 2008

	Rank	Score	Confidence Range
Costa Rica	47	5.1	4.8–5.3
El Salvador	67	3.9	3.2–4.5
Panama	85	3.4	2.8–3.7
Guatemala	96	3.1	2.3–4.0
Honduras	126	2.6	2.3–2.9
Nicaragua	134	2.5	2.2–2.7

Source: Transparency International 2008.

intercorrelated surveys (Johnston 2002, 871; Morris 2008, 391). The 2008 index ranked 180 countries on a scale from 1 (most corrupt) to 10 (least corrupt); Somalia at 1.0 was on the bottom of the scale, while Denmark, New Zealand, and Sweden, at 9.3, shared the top score. According to TI, scores of less than 5 indicate “serious” corruption problems; scores below 3 denote “rampant” corruption. The reliability of each nation’s individual CPI rating is estimated by a confidence range of scores that is wider or narrower depending on the number of surveys used and the relative agreement in their assessments.

Although the 2008 CPI rankings for Central America in table 1 reveal a wide variation in perceived corruption levels in the region, all the countries appear to have significant problems with corruption. The CPI evaluators judged Costa Rica to be distinctly less corrupt than the other nations in the region and ranked it almost in the top quarter of the world’s “cleaner” countries. However, Costa Rica’s 5.1 score (similar to that for nations such as Hungary and Jordan) places it only just outside of the serious corruption range. Scores for El Salvador, Panama, and Guatemala all indicate serious corruption; the last is 3.1, very close to rampant corruption. Honduras and Nicaragua both suffer from rampant corruption, according to the 2008 CPI: they rank in the bottom third of countries covered, along with such infamously corrupt nations as Indonesia and Uganda. Among Latin American countries, only Paraguay, Ecuador, Venezuela, and Haiti ranked worse on the CPI.

In light of the margins of error indicated by the confidence levels for each country in table 1, however, it would be unwise to put too much faith in the exact rank order of Central American countries below Costa Rica. The differences that separate most of the other nations from one another on the CPI are fairly small. The data show that El Salvador, like Costa Rica, belongs above Honduras and Nicaragua in the rankings, but the confidence ranges for the other countries are too wide for certainty about their precise location in the corruption-level rank order.

How much confidence should we place in these results? Many critics of the CPI believe that the expert perceptions on which the index depends are not accurate enough approximations of reality for it to be a valid corruption measure. Treisman (2007, 115) observes that many of the country analysts and business executives the CPI polls have limited personal experience with corruption in the countries they evaluate. Their ratings thus may be unduly influenced by media coverage of corruption, their own political leanings, traditional stereotypes, and other questionable information sources.² Several scholars (Seligson 2006, 385; Knack 2007, 282; Treisman 2007, 241; Morris 2008, 396) speculate that less well informed evaluators may also assume that corruption will be higher in countries where the economy is weak and lower in nations where the economy is strong.

Expert assessments certainly can be distorted by inadequate or inappropriate information, but the survey organizations that contribute to the CPI make a concerted effort to minimize these sources of error. These institutions' experience and methodological sophistication have increased with each year of operation. One group of CPI sources (e.g., the Economist Intelligence Unit) relies on networks of well-informed local correspondents and guides their quantitative scoring through discussion and coordination with experienced headquarters staff (Lambsdorff 2008, 5–6). A second group of CPI sources (e.g., the World Economic Forum) collects corruption assessments directly from knowledgeable resident nationals and expatriates working for international business firms. The results of both types of surveys are generally highly intercorrelated (Lambsdorff 2008, 6). In addition, when expert sources disagree markedly about corruption levels in a particular nation, the CPI explicitly alerts users with a wider confidence range (e.g., Guatemala in 2008, in table 1).³

The CPI rankings have good face validity. None of the rankings of Central American countries by corruption level in table 1 is seriously at odds with recent qualitative analyses of corruption in the region (State of the Nation-Region Program 2008, 321–58; Due Process of Law Foundation 2007; Transparency International 2003, 2006a, b, c, d, 2007; Global Integrity 2008) or traditional political studies (Booth et al. 2009). Nearly all the Central America specialists who contributed to these analyses would expect Costa Rica, a stable, democratic country since 1948, to be rated as the least corrupt nation, despite recent kickback scandals involving former presidents Rafael Angel Calderón (1990–94) and Miguel Angel Rodríguez (1998–2002). The thorough 2008 State of the Region study describes the Costa Rican press as the freest in Central America and praises its role in investigating corruption (State of the Nation-Region 2008, 333–34). A 2007 study of the Central American judiciary singled out Costa Rican courts as the least corrupt in the region

and the most active in investigating wrongdoing by government officials (Due Process of Law Foundation 2007, 23–27, 33–34). The same study described widespread impunity for political corruption in courts in the rest of the region. A 2004 University of Salamanca survey also found that Costa Rican judges were far less likely to be offered bribes than judges in the five other Central American countries (Due Process of Law Foundation 2007, 24). In addition, the Costa Rican Comptroller's Office has been especially praised for its anticorruption efforts (State of the Nation-Region 2008, 336).

Central America analysts also would place Guatemala and Nicaragua among the most corrupt countries in the region, as the CPI does. Narcotics trafficking is particularly widespread in Guatemala, and traffickers have been successful in penetrating the highest Guatemalan government circles (Sieder et al. 2002). Former Guatemalan president Alfonso Portillo (2000–2004) was recently extradited from Mexico to face corruption charges related to his alleged involvement in the narcotics trade. In Nicaragua, the cynical political pact put in place after 1999 between Sandinista President Daniel Ortega (2007–present) and right-wing former chief executive Arnoldo Alemán (1997–2002) has been associated with extensive corruption (Brown and Cloke 2005; Close and Deonandan 2004). The 2007 study of the Central American judiciary cited earlier (Due Process of Law Foundation 2007, 24, 29, 34) was especially critical of the corruption and politicization of Nicaraguan courts.

Transparency International has conducted qualitative National Integrity System (NIS) assessments of the principal institutions needed to fight corruption in each Central American country during the last seven years. These studies found serious corruption problems in all the nations in the region and did not draw fine distinctions among most of them. Costa Rica's NIS assessment (Transparency International 2006a), however, was far less critical than NIS studies of the other five countries (Transparency International 2003, 2006b, c, d, 2007). Alternative in-depth analyses by anticorruption NGO Global Integrity from 2004 to 2008 judged the capability of Costa Rica's institutions and processes to fight corruption as moderate while rating the anticorruption capabilities of Panama and Guatemala as weak and those of Nicaragua as very weak (Global Integrity 2008).

The distortions introduced by experts' imperfect knowledge of actual corruption levels and the ordinal rankings by these experts, on which the CPI's component surveys are based, and which are later integrated into the CPI composite index by rank order rather than by raw score, do suggest that the CPI lacks sufficient precision to justify its interval-level country scores. Despite the CPI authors' claims to the contrary (Lambsdorff 2008, 3), the less precise, ordinal CPI rank order is,

therefore, the more appropriate scale for researchers to use when comparing countries (Johnston 2002, 873; Galtung 2006, 120–22).

It would be interesting to compare the 2008 CPI Central America rankings to those from earlier periods, but the index is not yet very useful for year-to-year comparisons.⁴ The countries included in the CPI and the surveys that compose it have changed too often since 1995 for longitudinal comparisons to be meaningful. The CPI has included all six of the Central American countries only since 2003. In any case, the CPI rankings of the Central American countries from 2003 through 2008 have not changed very much. Costa Rica, El Salvador, and Panama have consistently maintained the top three (least corrupt) positions in the same order. The other three Central American nations have always occupied the lowest three (more corrupt) rungs on the ladder, although the order among them has fluctuated.

The World Bank Control of Corruption (WBCC) Indicator

In 1996, the World Bank began to publish a set of governance indicators featuring a composite corruption control index that shares most of the same strengths and weaknesses as the CPI.⁵ The 2007 WBCC index covers more countries than the CPI (208) and draws on the most recent data available from a much larger number of component surveys (35) (Kaufman et al. 2008) that includes all the same sources used in constructing the CPI.

Although it is based largely on the perceptions of country analysts and business executives, the World Bank's corruption index also integrates some polls that tap ordinary citizens' perceptions or experiences of corruption. For each country, the World Bank reports a percentile ranking, a raw score ranging between +2.5 (least corrupt) and -2.5 (most corrupt), an error estimate, and an upper and lower range of possible rankings based on the margin of error. For the Central American country assessments, the World Bank draws on twice the number of expert surveys as the CPI plus four mass population polls.

Despite the employment of many more sources, including some that measure citizen responses, WBCC rankings are very highly inter-correlated with CPI rankings, and appear to be measuring much the same underlying phenomenon (Treisman 2007, 213). Although both indexes claim to encompass grand and petty corruption, most scholars (Galtung 2006, 117; Morris 2008, 392) believe that the business executives and country analysts whose views predominate in these composite measures focus primarily on high-level corruption.

The rank order of Central American corruption levels produced by the WBCC index, shown in table 2, is almost identical to the CPI rank-

Table 2. World Bank Control of Corruption Indicator for Central America, 2007

	Percentile	Score	Upper/Lower Rank
Costa Rica	69.1	+0.39	62/73
El Salvador	57.0	-0.13	47/61
Panama	49.3	-0.34	37/58
Honduras	28.5	-0.69	16/42
Guatemala	25.1	-0.75	14/38
Nicaragua	23.2	-0.78	12/38

Source: World Bank 2008.

ings. Only Guatemala and Honduras switch places, because the World Bank measure evaluates Guatemala much more negatively. The country ranks just below the midpoint of the 180 CPI countries (96th) but falls in the bottom quarter (25th percentile) of the 208 nations covered by the World Bank's corruption index. The two indexes place the other 5 Central American countries in roughly similar positions in their global rankings.

The CPI and WBCC indicator produce very similar corruption level rank orders, but the CPI appears to be a rather better measure for our purposes. Some analysts may prefer the World Bank's indicator because it appears to increase reliability by using more than twice as many sources, but the inclusion of public opinion polling data on citizen perceptions of corruption weakens rather than strengthens the WBCC measure.⁶ Ordinary citizens tend to have much broader and more varied concepts of corruption than experts operating under survey organizations' common definitions. Members of the general public, moreover, are normally less well informed about corruption than most country analysts and business executives (Miller 2006, 168). Indeed, studies have shown that citizen perceptions consistently exaggerate the actual level of corruption (Morris and Blake 2009, 13).

Latinobarómetro Corruption Surveys

Many scholars who distrust expert perception measures prefer to rely on public opinion surveys of ordinary citizens' perceptions and experiences with corruption. The Latinobarómetro, based in Chile and directed by Marta Lagos, is an annual survey (since 1995) of public opinion in 18 Latin American countries that asks several questions about corruption (Latinobarómetro 2009).

Unfortunately, all but one of the corruption questions in the 2008 survey elicited information about citizen perceptions, which are, as dis-

Table 3. Percent of Public Officials Corrupt, Central America, 2008
(citizens' perception)

Costa Rica	64.4
Nicaragua	68.9
El Salvador	72.3
Panama	74.6
Guatemala	76.2
Honduras	80.6

Question: "Imagine that there are 100 public employees in the country and you have to say how many you believe are corrupt. How many would you say are corrupt?"
Source: *Latinobarómetro 2009*.

cussed, one of the poorer measures of actual corruption levels. For example, the *Latinobarómetro* asks how easy respondents believe it would be to bribe a judge or a police officer in their country and what percentage of public employees are likely to be corruptible. On the last question, Costa Ricans estimated that almost two-thirds of their public officials were corrupt, and this disturbing result was one of the lowest citizen estimates of official corruption in Latin America (*Latinobarómetro 2009*, 46). *Latinobarómetro's* single experience-based query, "Have you or someone in your family known of a corrupt act in the last 12 months?" indicated a far lower level of actual corruption. An average of 15 percent of Latin Americans surveyed reported knowledge of a corrupt act in 2008 (*Latinobarómetro 2009*, 47). Unfortunately, this potentially more valuable experience-based question does not define corruption for the respondent; nor does it ask about a clearly recognizable form of the phenomenon, such as bribery. The phrasing of the question also does not specify that the corrupt act must implicate a public official to qualify as political corruption.

Morris (2008, 395) found that citizen perceptions of corruption correlated well with expert perceptions of corruption in Latin America in 2002, but the relationship is weaker for Central America alone in 2008. A ranking of Central American countries based on the percentage of public officials thought to be corrupt in the 2008 *Latinobarómetro* survey, shown on table 3, locates Costa Rica as the least corrupt country, just as the CPI does, and ranks all of the other nations except Nicaragua within one position of their locations on the CPI-based rank order. Nicaragua, however, is perceived to be far less corrupt by its citizens than by the experts who contribute to the CPI. The ordinal Spearman's Rho measure of association between these two rank orders is a fairly low 0.43.

Table 4. Percent of Citizens Victimized by Corruption, Central America, 2008

Panama	9.2
Honduras	13.8
El Salvador	14.8
Nicaragua	16.6
Costa Rica	17.5
Guatemala	19.6

Source: Index of corruption victimization from LAPOP 2008, 34.

LAPOP AmericasBarometer Corruption Surveys

The LAPOP AmericasBarometer survey, based at Vanderbilt University and directed by Mitchell Seligson, has developed a more useful set of corruption indicators. LAPOP has been analyzing corruption since a 1996 pilot study in Nicaragua, and the AmericasBarometer has surveyed public opinion and behavior in 23 countries in the Americas since 2004 (LAPOP 2008).

The AmericasBarometer asks one question about citizens' perceptions of corruption, but it poses seven carefully tailored questions about citizens' direct, personal exposure to bribery. The AmericasBarometer queries all respondents as to whether they have been asked to pay a bribe by a police officer and whether they have been solicited for a bribe by a public employee. Respondents who report having used specific public services (schools, hospitals, courts, municipal government) or having worked outside the home are also asked about bribe requests in each of these contexts (Seligson and Zephyr 2008, 314).⁷ The results for every question are reported with confidence intervals indicated by the margin of error for each national population sample. LAPOP also constructs an index of corruption victimization, which draws on all seven experience questions to reveal the percentage of respondents who were asked for a bribe of any kind in the last 12 months.

The broadest measures of the level of corruption from among these LAPOP indicators are the crime victimization index and the percent of the population that reports a bribery attempt by a public employee. The first measure covers the most places where bribery could occur, although it includes workplace bribery, which mixes exclusively private sector corruption with public sector political corruption. The second measure is free of this private sector element, but still encompasses a respondent's experience with a wide range of governmental agencies (Orces 2009a). For these reasons, this second measure (percentage of citizens asked for a bribe by a public employee; see table 5) seems more useful for our purposes than the first, although both indicators are of interest.

Table 5. Percent of Citizens Asked for a Bribe by a Public Employee, Central America, 2008

Panama	2.3
El Salvador	2.5
Guatemala	3.8
Honduras	4.2
Costa Rica	5.0
Nicaragua	5.3

Note: Percent answering positively to the question, "During the past year, did any government employee ask you for a bribe (*mordida o soborno*)?"

Source: LAPOP data in Orces 2009a.

The rank orders of Central American nations by corruption level that result from using the LAPOP corruption victimization index (table 4) and the LAPOP public employee bribery indicator (table 5) are not as strongly intercorrelated (Spearman's $r = 0.49$) as one would expect. Panama, in first position, and Costa Rica, in fifth position, are ranked in the same locations by both indicators, but the second, narrower measure is much more favorable to Guatemala and much less favorable to Honduras and Nicaragua. Most Central America specialists would be very surprised to see Costa Rica ranked so low by both indicators.

The summary LAPOP corruption victimization measure makes corruption appear more widespread in Central America than does the narrower public employee bribery indicator, but both reveal a moderate amount of variation in corruption levels in the region. Setting aside leader Panama, differences among the other five countries are small enough on both bribery measures (13.8 percent to 19.6 percent on the first and 2.5 percent to 5.3 percent on the second), given the reported confidence intervals, that their rank positions should be viewed cautiously.⁸ None of the Central American countries falls into the most corrupt third of Latin American nations on either LAPOP indicator. That unfortunate group includes Bolivia, Haiti, Mexico, and Peru; more than 48 percent of Haitians reported a bribe solicitation of some kind in 2008 (LAPOP 2008, 34). All the Central American nations rank, instead, in the middle third of Latin American countries or better with respect to bribery solicitation. Panama emerges as one of the least bribery-prone countries in the Americas on both indicators, bested only by Chile or Uruguay, depending on which measure is used.

The 2009 TI Global Corruption Barometer (GCB) bribery survey (Transparency International 2009) provides some global context for viewing these results. The GCB asks respondents if anyone in the household paid a bribe in the last year; outcomes range from 87 percent in Liberia and 62 percent in Sierra Leone to only 1 percent in Japan,

Denmark, and a few other countries, with 13 percent as the world average (Transparency International 2009, 32). These data are not completely comparable to those from LAPOP, but they do suggest that the Central American nations probably also rank in the global middle range or better with respect to bribery demands on ordinary citizens. Panama was the only Central American country included in the 2009 GCB; 4 percent of households reported paying a bribe.

Bribery polls have an appealing authenticity because they draw on the personal experiences of thousands of people rather than on perceptions, but these indicators also raise concerns about reliability and validity. Inasmuch as bribery is illegal, some respondents may not be truthful when asked by strangers if they have engaged in that activity—particularly if they initiated the bribery themselves (Galtung 2006, 104; Miller 2006, 167; Triesman 2007, 216; Morris 2008, 394). Citizens may feel freer to discuss such behavior in some countries than in others; the violent, authoritarian past of several of the Central American nations may inhibit truthful answers in these countries more than in a long-stable liberal democracy like Costa Rica. Nations that provide broader access to public services also may accumulate more bribery request reports without really being relatively more corrupt countries (State of the Nation-Region 2008, 327). Some respondents in any country could also misinterpret a request for the payment of a legal fee as a bribe solicitation (or vice versa) (Morris 2008, 394). Others may simply rely on inaccurate memories (Triesman 2007, 216).

It is also clear that similar bribery experience measures used in different surveys can produce dramatically different scores for individual nations because of variations in polling techniques. The 2009 GCB, for example, found that 28 percent of Venezuelans but only 4 percent of Argentines reported paying a bribe in the last 12 months (Transparency International 2009, 32). In contrast, the most recent LAPOP corruption victimization index reported only 10.6 percent of Venezuelans but fully 27.5 percent of Argentines were solicited for a bribe during the last year (LAPOP 2008, 34).

Comparing Central American Corruption Rankings

The rank order of Central American countries by corruption level based on the CPI (table 1) is very different from the rank orders that result from using the LAPOP bribery experience measures (tables 4 and 5). The CPI rank order does not correlate at all with that of the LAPOP corruption victimization measure (Spearman's $r = -0.09$) and correlates only weakly with the preferred public employee bribery indicator (Spearman's $r = 0.37$).⁹

The contrast in rank orders is clearest in the cases of Costa Rica and Panama. The CPI experts perceive Costa Rica to be the cleanest coun-

try in the region, but its citizens report the second-highest level of bribery. The CPI experts allege serious corruption in Panama, but both AmericasBarometer indicators reveal that Panamanians are the Central Americans least likely to be solicited for bribes by public officials. How can we explain these contradictory results? Were poorly informed CPI experts blinded by Costa Rica's democratic reputation and by Panama's troubled political history into misreading the current corruption situation in both nations? Or were Costa Ricans polled by LAPOP much more forthcoming about their bribery experiences than Panamanians, so that the AmericasBarometer polling data were distorted? Both types of measurement error are certainly possible, but such large disparities in rankings suggest that expert perception indicators and citizen bribery experience poll results may be measuring different dimensions of corruption that do not always coincide.

Two global studies have reported moderate correlations between expert perception measures and citizen bribery experience measures of corruption (Transparency International 2009, 14; Treisman 2007, 217–19), but Treisman emphasizes that “the correlation is not as strong as one might expect, especially among the less developed countries” (2007, 219). Latin America–based comparisons have found only weak to middling statistical relationships between expert perception indicators and citizen experience measures of corruption (Morris 2008, 395–96; Zephyr 2008, 257). Seligson (2006, 387) and Zephyr (2008, 257) imply that low correlations between these different types of indicators are due to the greater inaccuracy of expert perceptions. Seligson (2006, 389) also asserts that although it is impossible to measure high-level corruption directly, the direct measurement of low-level corruption (bribery of ordinary citizens) may be an acceptable substitute because high-level and low-level corruption should be interrelated. Other scholars (Miller 2006, 166; Treisman 2007, 241; Morris 2008, 391–92), however, argue that corruption victimization indicators can measure only the petty bureaucratic corruption that ordinary citizens experience.

In contrast to Seligson or Zephyr, Morris (2008, 396–98) interprets the low correlations between expert perception measures and citizen experience indicators in his study of corruption in Latin America as evidence that the two types of measures “tap distinct dimensions of corruption.” He also demonstrates empirically that they “reflect different sets of determinants, and generate distinct outcomes.” Using 2002 data, he shows that although many countries have comparable levels of both petty and grand corruption, quite a few others do not. Countries like Chile had relatively few cases of either kind of corruption in his study, while other nations, such as Nicaragua, suffered from both types. El Salvador, however, appeared to experience relatively little petty corruption despite significant high-level corruption.¹⁰ Petty corruption was also

Table 6. Central American Corruption Rankings
(grand and petty corruption levels combined)

1.	Costa Rica: Moderate high-level corruption and middle-range low-level corruption
2. (tie)	El Salvador: Serious high-level corruption but low petty corruption
2. (tie)	Panama: Serious high-level corruption but low petty corruption
4.	Guatemala: Serious to rampant high-level corruption but middle-range petty corruption
5.	Honduras: Rampant high-level corruption but middle-range low-level corruption
6.	Nicaragua: Rampant high-level corruption but middle-range low-level corruption

Note: Although generally similar in corruption levels, Nicaragua is placed below Honduras because Nicaragua's rankings on the CPI and the LAPOP bribery experience measures are all lower than Honduras's rankings.

more prevalent in Costa Rica than its CPI rating indicated it should have been, and less common in Paraguay than its CPI rating suggested.

Triesman (2007, 219) reports a similar mix of findings in his global comparison of 2005 CPI and GCB bribery survey scores, and speculates that expert perception surveys and citizen bribery experience indicators might be measuring different things. A comparison of 2008 CPI scores and 2009 GCB bribery reports (Transparency International 2009, 32) shows Panama, Georgia, and Argentina, among others, to be countries with serious or rampant grand corruption but with only 2 to 4 percent of their populations reporting bribes to public officials. Not all of these anomalies can be explained by poor measurement by one or the other type of indicator. Seligson (2006, 389) is persuasive when he observes that where grand corruption is rare, petty corruption will probably be uncommon too, and where grand corruption is endemic, petty corruption is likely to be out of control. But between these extremes, there may be a good deal of variation in the relationship between high-level and low-level corruption.

No single quantitative measure of political corruption will suffice. Policymakers and researchers should no longer assume, as most do, that nations with one of these kinds of corruption will necessarily suffer from the other as well. The CPI and the LAPOP public employee bribery indicator are imperfect measures of grand corruption and petty corruption, respectively, but they are, by a small margin, the best tools currently available. As Morris (2008, 406) suggests, the two types of measures complement one another. If we rely on these two measures in combination to describe current corruption levels in the Central American countries instead of depending on either one in isolation, the tentative conclusions in table 6 result.

This summary rank order of corruption by country in Central America is constructed to reflect the relatively greater significance of high-level corruption. Costa Rica is placed first because it has by far the lowest level of grand corruption in the CPI index. This rating is well supported in the qualitative literature on corruption in Central America, even though petty corruption is more widespread there than in El Salvador or Panama, according to LAPOP data. Honduras and Nicaragua are awarded the worst overall corruption rankings because they have the highest levels of grand corruption in Central America and also experience middle-range petty corruption rates. From a global perspective, Central America as a whole emerges as a region that has relatively more difficulties with grand corruption than with petty corruption. While the petty corruption levels in table 6 range from middle to low, half the countries suffer from rampant or near-rampant grand corruption. Fortunately, however, none of the Central American cases combines rampant grand corruption with high petty corruption, as do the most corruption-plagued nations in Latin America, such as Haiti and Bolivia.

EXPLAINING CONTRASTS IN GRAND AND PETTY CORRUPTION LEVELS

What explains the multidimensionality of corruption? Why, in some Central American nations, such as Costa Rica and Panama, does the level of grand corruption contrast with the relative prevalence of petty corruption? The corruption literature has long drawn a distinction between high-level and low-level corruption, but generally has assumed that they will coincide. Consequently, very few scholars have speculated about the causes of situations where a nation's grand corruption level is markedly higher or lower than its petty corruption level. The handful of corruption experts (e.g., Huntington 1968; Rose-Ackerman 1999) who have entertained the possibility of such anomalies have not offered much in the way of explanation.¹¹ It is nonetheless possible to draw some ideas from the different ways scholars have sought to explain grand corruption and petty corruption.

The current literature focuses primarily on explaining grand corruption (Morris 2008, 396).¹² Many empirical studies (Montinola and Jackman 2002; Triesman 2007) have demonstrated a strong relationship between a higher economic development level (GDP per capita) and lower perceived corruption levels, as indicated by CPI scores. Scholars (Johnson 2004; Rosenberg 2003) have speculated that nations that have attained a higher level of economic development will be likely to have a larger middle class and a stronger civil society, which can more successfully resist corruption by political elites. More economically advanced countries should also possess more of the necessary financial

resources to pay better salaries to top officials and to fund robust anti-corruption agencies. Other theorists (Quah 2006; Gillespie 2006; Johnson 2004) believe that corruption by high officials will be lower in countries where the integrity and strength of law enforcement institutions (courts, prosecutors, police) poses a substantial risk of punishment to would-be embezzlers and bribe seekers. In addition, some analysts suggest that greater cultural tolerance for corruption in a nation will be strongly associated with a higher corruption level (de Sardan 1999; Gillespie 2006). Many students of corruption also argue that leaders' relative political will to combat corruption can be an important factor in determining corruption levels (Rosenberg 2003; Quah 2006).¹³

The literature offers much less cross-national study of the likely causes of petty corruption (see, e.g., the relationships found by Triesman 2007, 239–40). Knack (2007, 261) has suggested that administrative corruption indicators be used to test the hypothesis that increased civil service salaries reduce bribe seeking. Orces (2009b) recently found that a higher level of economic development (GDP per capita) decreases the probability of corruption victimization by lower-level health care workers and police in Latin America. In his earlier study of the same region, however, Morris (2008) discovered that none of the many independent variables he analyzed, including GDP per capita, produced a strong correlation with 2002 Latinobarómetro citizen bribery data except a measure of the burden of administrative regulations. This indicator was drawn from the 2001 Executive Opinion Survey conducted by the World Economic Forum (WEF; see Porter et al. 2007).

Business leaders in the poll were asked to rate the burden of complying with administrative requirements (permits, regulations, reporting) issued by the government in their country on an ordinal scale from 1 (most burdensome) to 7 (least burdensome). Latin American nations with a greater perceived regulatory burden appeared to produce more lower-level bribery. Apparently, countries whose bureaucracies place onerous regulations on businesspeople also must create a lot of red tape, which troubles ordinary citizens, too, and leads some of them to bribe lower-level officials. The burden of administrative regulations indicator did not correlate strongly with grand corruption as measured by the 2002 CPI in Morris's study, although there was a positive relationship.¹⁴

In light of these analyses, it seems reasonable to hypothesize that countries that have high levels of grand corruption and petty corruption alike should be nations in which some of the causes of grand corruption discussed in the literature (lower economic development level, weaker law enforcement, etc.) are present and bureaucratic procedures are very burdensome. In contrast, grand corruption levels should differ significantly from petty corruption levels in nations where causal factors that promote grand corruption are present but bureaucratic procedures

Table 7. Index of Bureaucratic Procedural Burden, Central America, 2007–8

Time Required to Start a Business		Burden of Customs Procedures		Burden of Government Regulation		Average Rank	
Panama	29	Panama	38	Honduras	37	Panama	39.7
El Salvador	46	Guatemala	50	Guatemala	41	Guatemala	48.7
Guatemala	55	Honduras	52	El Salvador	47	El Salvador	53.3
Nicaragua	80	Nicaragua	60	Panama	52	Honduras	59.3
Honduras	89	El Salvador	67	Nicaragua	61	Nicaragua	67.0
Costa Rica	113	Costa Rica	86	Costa Rica	93	Costa Rica	97.3

Note: All scores are ordinal rankings from a global comparison of 131 countries. Rankings are from least burdensome to most burdensome situation; e.g., it takes the least time to start a business in Panama (29th place globally) and the most time in Costa Rica (113th place).

Source: World Economic Forum (Porter et al. 2007, 383, 442, 448).

do not entail a serious burden, or where bureaucratic regulations are onerous but causal factors that encourage high-level embezzlement and bribery are not influential. A brief examination of the relationships between three possible independent variables highlighted in the literature and our two principal measures of grand and petty corruption will illustrate this argument.

To explore the relationship between greater administrative burdens and lower-level bribery in Central America, a new index of bureaucratic procedural burden (red tape) was created from data collected by the World Economic Forum (WEF) in the 2007–8 Global Competiveness Report. The index in table 7 averages Central American nations' WEF rankings on the single burden of government regulation indicator used by Morris (2008) and two additional measures: the burden of customs procedures and the time required to start a business. The broader index should provide a more reliable measure of the weight of bureaucratic procedures than any individual indicator alone. The WEF Executive Opinion Survey asks resident business leaders to rate customs procedures (formalities regulating the entry and exit of merchandise) in a country on an ordinal scale from 1 (extremely slow and cumbersome) to 7 (rapid and efficient). The third WEF indicator is a World Bank estimate of the total number of days required to begin a new business in each nation.

The index in table 7 shows that Panama is the Central American country that is perceived to have the lowest overall bureaucratic procedural burden. Nicaraguans and especially Costa Ricans labor under the greatest administrative red tape. According to the World Bank, red tape

Table 8. Central American Gross Domestic Product per Capita, 2008

Panama	\$11,800
Costa Rica	11,600
El Salvador	6,200
Guatemala	5,300
Honduras	4,400
Nicaragua	2,900

Note: In U.S. dollars at purchasing power parity.

Source: CIA 2009.

is so thick in Costa Rica that it takes 77 days to start a business, but a new enterprise can open to the public after only 19 days in less-bureaucratic Panama (Porter et al. 2007, 442). Recall that in table 5, Panamanians also reported the lowest level of bribery requests by public employees in Central America, while Nicaraguans and Costa Ricans reported the most. A comparison of table 7 with table 5 shows that the rank orders of Central American nations by relative bureaucratic procedural burden and by percent of the population asked for a bribe are very strongly correlated (Spearman's $r = 0.89$).¹⁵ In contrast, the bureaucratic procedural burden index produced no relationship (-0.03) with the CPI measure of grand corruption levels among Central American countries (table 1).

A comparison of table 8 and table 1 shows that a second independent variable, economic development level, measured by the 2008 GDP per capita at purchasing power parity (CIA 2009), is closely associated with grand corruption levels in Central America (Spearman's $r = 0.83$). Consistent with the findings of nearly all empirical studies of the causes of grand corruption, more economically developed Central American countries, such as Costa Rica, suffer from less high-level corruption than poorer nations like Honduras and Nicaragua. Also interesting is that GDP per capita is correlated with the petty corruption levels in Central America in table 5 (0.66), although less strongly. This result is consistent with Orces's findings for Latin America as a whole (2009a) but at odds with Morris's (2008) earlier results. A larger GDP per capita might discourage petty corruption by making it possible to pay higher salaries to lower-level government employees as well as to top officials. If future researchers can confirm that economic development level influences petty corruption levels in this fashion, we may better understand why grand corruption and petty corruption levels globally tend to coincide in individual nations much more often than they diverge.

The third independent variable, independence of judicial law enforcement, is an example of a factor that appears to inhibit high-level corruption without having any impact on petty corruption. Strong, inde-

Table 9. Relative Judicial Independence in Central America, 2007–8

	Rating	Rank
Costa Rica	5.1	36
Guatemala	3.3	87
El Salvador	3.1	91
Honduras	3.0	94
Panama	2.5	115
Nicaragua	1.6	129

Source: World Economic Forum (Porter et al. 2007, 380).

pendent courts raise the risk that top public officials may be punished for embezzlement and bribery, but grand corruption should flourish where judges can be politically manipulated or bought. Table 9 ranks the Central American judiciaries by relative independence as assessed in the 2007–8 WEF report. Respondents were asked to rate the degree of independence of their country's judiciary from the influences of members of government, citizens, or firms on an ordinal scale from 1 (no, heavily influenced) to 7 (yes, entirely independent). Not surprisingly, Costa Rica was perceived to have the most independent judiciary in the region by a large margin. The Nicaraguan and Panamanian courts were viewed as the most compromised. The judicial independence measure correlated well with the CPI indicator of grand corruption (Spearman's $r = 0.71$) but not at all with the percentage of citizens asked for a bribe by a public employee (0.03). So few petty corruption cases ever reach courts that stronger judiciaries may not deter lower-level bribery.

None of these preliminary findings are definitive, of course, but they do suggest that the multidimensionality of corruption in Central America exists because grand corruption and petty corruption may have some different causes. Grand corruption tends to be highest in nations that have compromised judicial systems, like Nicaragua, and lowest where judges are independent, as in Costa Rica. Petty corruption is most common in countries where the burden of bureaucratic red tape is heaviest, as in Nicaragua and Costa Rica, and least troubling where administrative procedures are lightest, as in Panama.

Nicaragua suffers from both kinds of corruption because an important cause of grand corruption and an important cause of petty corruption may both be at work in that country. Nicaragua's low level of economic development adds to the nation's woes by encouraging grand corruption and possibly petty corruption, too. Costa Rica may be much more afflicted by petty corruption than by grand corruption because although Costa Ricans confront a great deal of bureaucratic red tape, their nation possesses a strong, independent judiciary that deters grand

corruption. Costa Rica's relative prosperity also helps to discourage high-level corruption and, perhaps, helps keep petty corruption levels from being any worse than they are.

Panama's low level of petty corruption makes sense, given that this nation has the lightest burden of bureaucratic procedures in the region and possibly also because this nation has the highest level of GDP per capita. Panama's high GDP per capita suggests that it should also have one of the lowest levels of grand corruption in the area, too, but the nation's low level of judicial independence may work in the opposite direction. These two factors may partly counteract one another, which may help account for Panama's ranking in the Central American middle range with respect to high-level corruption. A stronger Panamanian middle class and civil society may be less tolerant of grand corruption, but the country's weak courts may still be too lenient to provide enough of a risk of conviction to discourage corruptible high officials. Relative levels of cultural tolerance for corruption and other variables not investigated here may also, of course, influence one or both forms of corruption in Central America.

CONCLUSIONS

Political corruption robs the Central American public of millions of dollars each year and undermines both economic growth and the legitimacy of democratic governments. Senior officials in every country in the region have embezzled public funds and accepted lucrative bribes in return for favorable policy action. Lower-level functionaries throughout the area have illegally demanded money from hundreds of thousands of Central Americans. It is small comfort that both kinds of corruption, especially petty corruption, are decidedly worse in a few other Latin American countries (Haiti, Bolivia) and in some other parts of the world. The public distrust generated by widespread corruption makes it difficult to build the broad mass support for democracy necessary for democratic consolidation.

Although corruption does damage to all of the Central American countries, this study has shown that not all of them suffer equally. Levels of costlier grand corruption, best measured by Transparency International's CPI, and petty corruption, best measured by LAPOP's bribery experience surveys, vary considerably in the region, and they do not always coincide. Nicaragua and Honduras have the bad fortune to be plagued with rampant grand corruption and fairly frequent petty corruption alike. Guatemala is similar, except for slightly lower levels of both forms of corruption. The other three countries confront much higher levels of one type of corruption than the other. Costa Rica has the least grand corruption in the region but the second-most petty corruption.

Panama and El Salvador, in contrast, experience serious high-level corruption, while petty corruption levels appear to be relatively low.

This study has argued that contrasting levels of grand and petty corruption exist in Central America and elsewhere because some of the factors that appear to cause petty corruption, such as greater bureaucratic procedural burdens (red tape), may have little influence on grand corruption levels. By the same token, variables that may promote grand corruption, such as a weak judiciary, could have negligible influence on petty corruption. The tendency of both kinds of corruption levels to coincide in the majority of cases globally, however, should be attributable to independent variables, perhaps such as economic development level, that influence grand corruption and petty corruption alike.

These findings have important implications for future research on corruption and anticorruption efforts in Latin America. First, scholars should disaggregate the corruption concept. They should never again simply assume that levels of grand corruption and petty corruption will coincide. More empirical studies of both types of corruption are needed, as well as much more thorough analyses of why they diverge in many countries. More empirical investigations of the determinants of petty corruption are especially needed. In light of contradictory findings in the literature, new studies to determine the influence of economic development level on petty corruption should be a high priority. Surveys that measure the bureaucratic procedural burden on ordinary people, not just businesses, are also necessary to test the assumption that nations that apply lots of red tape to businesspeople do the same to the general population.

Anticorruption efforts in Latin America might also profit by recognizing that grand corruption and petty corruption probably have some different causes. Faster progress in the war on corruption should be possible by making petty corruption the principal target because lower-level corruption's most likely cause, burdensome red tape, is easier to address than the more complex factors that promote grand corruption. Petty corruption may be less costly than grand corruption in economic or political terms, but such abuses touch far more people on a daily basis.

Panama, which LAPOP polls show to have the lowest level of petty corruption, is also the acknowledged regional leader in the use of newer, more efficient administrative technologies (State of the Nation-Region 2008, 333). Panama has simplified hundreds of bureaucratic procedures in recent years and has moved them onto the Internet. PanamaCompra speeds public sector procurement and makes the process more transparent, while PanamaTramita reduces red tape and time wasted waiting at government offices. Both programs are models worthy of emulation throughout Latin America. Moreover, Panama has achieved reductions in petty corruption despite still experiencing seri-

ous grand corruption problems. Maybe there is no need to wait for dramatic anticorruption progress at the top before attacking petty corruption. It may simply be more efficient to begin reform at the bottom.

It is true that most Central American countries have greater problems with grand corruption, but this dimension of the problem is much more difficult to address. All the governments in the Central American region have signed the Inter-American Convention against Corruption (IACAC), the United Nations Convention Against Corruption (UNCAC), and the Guatemala Declaration for a Region Free of Corruption, and also have passed anticorruption laws advocated by foreign aid donors. Honduras has a new National Anticorruption Council, Nicaragua has a new Office of Public Ethics, and freedom of information laws now exist throughout the area. Nevertheless, little progress has been made in reducing high-level corruption, except in Costa Rica, where the problem already was less serious than elsewhere (State of the Nation-Region 2008, 336–44).

Critics describe new anticorruption institutions and laws as “toothless” and assert that corrupt high officials have little to fear, particularly because the judicial systems that are supposed to prosecute corruption are themselves weak, politicized, and corrupt. Brown and Cloke (2005) argue that international anticorruption advice consistently has ignored the patrimonial character of most Central American political cultures, where politics is primarily a scramble for patronage and resources without many rules. Reducing grand corruption here and in other similar nations in Latin America (Haiti, Paraguay, Ecuador) may be especially difficult because some of high-level corruption’s likely causes, such as lower economic development levels and weaker law enforcement institutions, take so long to change.¹⁶

NOTES

The author wishes to thank James Hoefler, Andrew Rudalevige, Mitchell Seligson, Stephen Morris, and the anonymous reviewers for their comments on earlier versions of this manuscript.

1. Perceptions of increased corruption are also common throughout much of the rest of Latin America. Tulchin and Espach (2000, 2), however, observe that there are no reliable data on corruption levels during the authoritarian period that preceded democratization, and therefore no way to test this widespread belief.

2. Seligson (2006, 390) suggests that an anticorruption campaign reported in the press might raise perceptions of corruption just when actual corruption is beginning to decline.

3. Experts’ understanding of what corruption is may vary in subtle ways despite common survey definitions, but the high intercorrelations among nearly all the CPI component surveys indicate that these variations are not a major

source of error (Triesman 2007, 216). Triesman (2007, 217) also discounts the effects of political bias in such indexes in light of tests of the World Bank's similar corruption control indicator (Kaufmann et al. 2008).

4. CPI scores also are not of great value to anticorruption reformers because they do not provide actionable information about which governmental institutions or which parts of a country are most prone to corruption. Country studies using TI's qualitative National Integrity System (NIS) or Global Integrity's (2008) analytical framework would be more useful for these purposes.

5. See Knack (2007, 262–63) for a comparison and evaluation of the contrasting index construction techniques employed for the CPI and WBCC indicator.

6. The CPI previously included public opinion polling data on citizen corruption perceptions, but has not done so since dropping the Gallup poll in 2000. All other sources based on mass population surveys were deleted in 2001.

7. These LAPOP bribery indicators usefully disaggregate petty corruption and show anticorruption activists which specific public services in which nations have been most undermined.

8. The possibility for longitudinal comparisons using the LAPOP bribery indicators currently is limited because the first full AmericasBarometer results did not appear until 2004. The 2006 LAPOP corruption victimization indicator (Seligson and Zephyr 2008, 315) would have produced a very similar rank order of Central American countries by corruption level.

9. The lower ratings of Honduras and Nicaragua on the second bribery indicator and the higher placement of Guatemala and El Salvador brought the rankings of those four countries more into line with CPI expert predictions; hence the higher correlation. The correlation would be higher still with the modified rank order of countries (Orces 2009a, 2) that results from controlling the public employee bribery results for gender, age, education, wealth, and size of city or town.

10. Morris (2008, 393) suggests that the recent work of corruption scholar Michael Johnston may be relevant to this question. Johnston's 2005 book *Syndromes of Corruption* offers four distinct models of corruption. He shows that both petty and grand corruption are endemic in the nations that fall into his "official moguls" category (e.g., China), but high-level corruption is far more of a problem than low-level corruption in nations that fall into his "influence markets" category (e.g., Japan). Most of these latter countries have very good CPI rankings.

11. Huntington (1968, 67–68) associates "top-heavy" corruption situations, in which grand corruption is high but petty corruption is much lower, with low political institutionalization, but he does not assert a causal relationship. He associates the reverse situation, in which petty corruption would be much more of a problem than high-level corruption, with highly modern societies like the United States; some developing countries, such as India; and the communist states. Later studies, however, found grand corruption to be high in both India and the Soviet Union.

12. Morris and Blake (2009) offer a valuable review of this vast literature as it pertains to Latin America.

13. The theoretical literature on the effects of political corruption is extensive, and it, too, emphasizes grand corruption rather than petty corruption. See Morris and Blake 2009.

14. Few observers have speculated about the effects of petty corruption per se, although LAPOP has extensively studied the impact of bribery experience measures on support for democracy, institutional legitimacy, interpersonal trust, support for participation rights, and tolerance.

15. Use of the same index with WEF data for the following year produced a still-high 0.71 relationship with the petty corruption indicator.

16. Chile and Uruguay, which have the lowest levels of grand corruption in Latin America, according to the CPI, also have two of the most independent judiciaries in the region and two of the highest levels of economic development.

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