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THE EFFECT OF PARTY NATIONALIZATION ON POLITICAL CORRUPTION

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Abstract

This dissertation contributes to a research agenda on the role of party systems and political parties on political corruption. Previous research found multiple and contradictory evidence regarding the role of electoral systems on corruption. These controversies have to do with two main problems: the overlooked effect of political parties' organization on political corruption and problems with corruption measures. I propose two different mechanisms that affect the relationship between politicians and citizens and different measures that impact the previous results. The dissertation is divided into three papers. In the first one, I analyze the role of political parties' nationalization in promoting programmatic linkages between political parties and citizens (the first mechanism), and decreasing both the perception of corruption and actual political corruption. The second paper analyzes party system nationalization and its effects on accountability (the second mechanism) and corruption. Both papers are quantitative and use mediation analysis to test the arguments empirically. In the third paper, I develop an index to measure the risk of corruption in both party systems and political parties. Using legislation about party laws, electoral management bodies, party funding, lobby, and political parties' statutes, I calculate the risk for 18 Latin American countries and 85 political parties in these countries. Together, these three papers contribute to the knowledge of political parties' organization (territorial and internal) and its effects on the perception of corruption, political corruption, and risk of corruption.

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Introduction

Scholars have defined political corruption as the misuse of political power for private gain. As political power is held by politicians and incumbents in different branches of government (executive, legislative, and judicial) and by various political actors (political party leaders, legislators, public servants, and judges), there are different incentives to engage in corrupt activities. Those incentives go beyond securing money for personal gain and include, for example, granting favors, trafficking of influences, or increasing political power.

Political scientists studying the causes of political corruption have already identified several key variables that affect the chances that political actors engage in corruption, such as the level of democratization, the type and structure of government, electoral systems, and horizontal political checks and balances. The effect of these variables usually works through their impact on accountability: higher accountability lowers corruption. As Schedler (1999) states, accountability means the capacity of accounting actors to ask for responses (answerability) and punish bad performance (punishment). Therefore, most of the corruption research focuses on how political variables influence accountability and the variables that increase accountability, as clarity of responsibility, which allows citizens to identify who is responsible for the government's results (Persson & Tabellini, 2000; Montinola & Jackman, 2002; Persson et al., 2003; Kunicová & Rose-Ackerman, 2005; Lederman et al., 2005; Chang & Golden, 2010; Gagliarducci et al., 2011; Charron & Bågenholm, 2016).

Even if democratization and strong judiciary systems help to increase accountability, other variables such as the type of government or decentralization deliver mixed results. For example, presidential systems have more horizontal checks and balances than parliamentary ones that could increase accountability, but the latter has more clarity of responsibility than the former, also increasing accountability (Persson & Tabellini, 1999; Gerring & Thacker, 2004, 2005; Hellwig & Samuels, 2008). Also, decentralized systems with horizontal checks and balances between the different government levels could be more accountable than centralized systems; even in the former, the clarity of responsibility is blurred, and thus, the accountability diminishes (Fisman & Gatti, 2002a; Gerring & Thacker, 2004, 2005).

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Other contradictory findings in the literature have to do with other causal mechanisms. For example, clarity of responsibility varies among electoral systems: in plurality systems, clarity of responsibility is stronger than in proportional representation; inside proportional representation, open list systems have stronger clarity of responsibility than closed list systems. Under the accountability argument, corruption is lower in plurality and open list proportional representation than in a closed list with proportional representation (Persson et al., 2003; Kunicová & Rose-Ackerman, 2005). Nevertheless, scholars have found that systems encouraging clarity of responsibility also increase the personalistic vote, and the need to cultivate a personalistic vote can incentivize corruption (Myerson, 1993; Golden & Chang, 2001; Chang, 2005; Birch, 2007; Chang & Golden, 2007). Both sides show cross-country evidence of their arguments.

In this study, I argue that the multiple and contradictory evidence found is due to two main problems in prior research on corruption: the role of political parties' nationalization in political corruption and problems with measures of corruption. Research suggests that party systems and political parties matter for political corruption (e.g., Yadav, 2011; Gingerich, 2013; Schleiter & Voznaya, 2014, 2018; Heller et al., 2016). Schleiter & Voznaya (2014) state that party system fragmentation has a U-shaped relationship with corruption. Politicians will be more corrupt at lower levels of party system fragmentation because the competition will be low. Thus, even though voters can quickly identify dishonest behavior, the few options make voters elect the same politicians. Conversely, at high levels of fragmentation, voters will get confused by the number of candidates, and they will diminish their capacity to choose the right ones, and corruption will increase. Also, Schleiter & Voznaya (2018) argue that party system institutionalization reduces corruption because highly institutionalized political parties have well-established roots in the society that strengthen the clarity of responsibility of political actors and then accountability.

This dissertation focuses on another aspect of the party system and political parties that has not yet been considered: the level of nationalization. Highly nationalized political parties receive similar shares of votes across all national districts, compete in all districts, and are equally known to citizens across the nation (Jones & Mainwaring, 2003; and Bochsler, 2010). Similarly, highly nationalized party systems are systems where all or at least the greatest political parties are nationalized; it means that political parties compete in all the electoral districts (Bochsler,

2010). This characteristic drives on a more national competition that shapes political parties' incentives and internal organization. I build on this insight to argue that political parties' nationalization affects corruption in two ways: through programmatic appeals between political parties and citizens and through more accountability. In the thesis, I argue that nationalized political parties reduce their members' incentives and opportunities to engage in corruption because the cost of being involved in corrupt activities is higher than in not nationalized political parties.

However, the effect of nationalization depends on another problem found in studies about political corruption: bias in the measurement of political corruption. Although the measures of corruption tend to vary together, they do not match perfectly. I argue that this mismatch could lead to different conclusions for the same political variables and a misunderstanding of the mechanisms that explain the causes of political corruption. That is the reason why understanding bias in each measure is essential to understand the mechanisms that link political factors with political corruption.

Over the years, scholars have linked the political factors mentioned above to political corruption. However, as corruption cannot be directly observable, most cross-country comparative studies use "poll of polls" surveys as a proxy of political corruption, for example, the Corruption Perception Index by Transparency International and Control of Corruption by the World Bank. "Poll of Polls" indexes are aggregate indexes of the opinions and perceptions of citizens, public servants, and entrepreneurs capture by different resources (Gingerich, 2013). Thus, they give a sense of corruption perceptions in a country close to the real values of political corruption.

The use of those indexes has many advantages. For instance, they have wider coverage than others because it is easier to include different countries in a long period. Also, there is no potential harm to subjects because the surveys are anonymous (Gingerich, 2013). The last characteristic is important because as corruption is a crime, people who report problems could be in danger. Although these indexes could capture the prevalence of corruption, it is questionable if the respondents can differentiate between corruption, pork, lobby, and clientelism (Gerring & Thacker, 2004; Schleiter & Voznaya, 2012). Scholars could also expect that the opinions are biased based on cultural differences like cynicism, social injustice,

economic inequality, social trust, government acceptance, and media report, among others (Treisman, 2007).

Most recent literature argues that the variables that affect perception of corruption are not exactly the same as those that affect actual corruption (Morris, 2008). For example, while both perception and actual corruption are affected by the level of democracy and economic development (Maeda & Ziegfeld, 2015; and Bailey & Paras, 2006), perception of corruption could be affected by the quality of information, emotional and ideological factors, and previous experiences with corruption (van de Walle, 2008; Melgar et al., 2010; Bohn, 2012; Baier et al., 2016; Erlingsson & Kristinsson, 2016; Blais et al., 2017).

As many scholars noted, both perception and actual corruption are different. Perception of corruption is a subjective judgment that citizens -including experts- make about the performance and behavior of the government and public servants (Wroe et al., 2013); it is affected by the performance of the government as well as the experience with bribery and the influence of media (Morris, 2008). On the other hand, real corruption is an actual behavior (Wroe et al., 2013) that involves different forms as bribery, embezzlement, vote-buying, vote fraud, and illegal traffic of influences; it is affected by politicians and public servants' incentives and opportunities to engage in these behaviors.

To overcome this disagreement between perception and real corruption, scholars have used many other approaches as surveys of experience corruption, judicial records, media scandals, experiments, among others. Each of these approaches has advantages and disadvantages. For example, surveys of experience corruption should incentivize citizens to respond with total honesty, which is problematic; they also have low coverage in years (Seligson, 2002; Treisman, 2007; Fan et al., 2009; Brown et al., 2011; Goel et al., 2016; Kolstad & Wiig, 2016). Judicial records have the problem that they depend on the effectiveness of the judicial system, and scandals reports depend on media bias (Golden & Chang, 2001; Fisman & Gatti, 2002a; Seligson, 2002; Golden, 2003; Chang, 2005; Chang et al., 2010; Balán, 2011; Bågenholm, 2013; Fernández-Vázquez et al., 2016; Jucá et al., 2016). Similarly, experiments in the laboratory or the field contribute to our understanding of individual characteristics that promote corruption, but they have limited coverage, and the external validity is not guaranteed (Azfar & Nelson, 2007; Olken, 2007; Peisakhin, 2012). Another novel measure is the Golden-Picci index, which helps make comparisons at the subnational level but less effective for cross-country

comparisons. The index requires information about the government's budget and the value of public infrastructure in each country (Golden & Picci, 2005), making get long series for many countries difficult.

In sum, no matter the measure of corruption used in comparative studies, scholars should consider each measure's potential strengths and drawbacks when building new theories. Considering these distinctions between measures, I use two indexes of corruption in this dissertation, and I propose a third one.

I use the Bayesian Corruption Index (BCI), which is a "poll of polls" survey to approach the perception of corruption. As another "poll of polls" index, BCI uses many resources to create a combined corruption index. I prefer this index instead of the traditional Perception of Corruption Index (CPI) because it is comparable since 1985. I also use the index of political corruption by Varieties of Democracy as a proxy of actual political corruption. I prefer this index over others because it asks experts about the prevalence of political corruption in each government branch (executive, legislative, and judicial). It also has great coverage since 1940.

Additionally, I propose a new measure of corruption: the risk of corruption in political parties. The risk of corruption is the likelihood of an organization or system incurs in corrupt activities that affect their objectives. In this case, the organization is the party system and political parties. The risk index is affected by strong regulations and tries to approach the likelihood of corrupt behavior. Although the risk of corruption is an indirect measure of corruption, it has some advantages in studying corruption inside organizations. First, the risk of corruption does not depend on subjective perception; it is a more objective measure based on some objective parameters that try to identify when a situation is prone to be corrupted. Second, the risk of corruption diminishes the potential damage to subjects. Third, identifying the risk of corruption is not an attempt to point out that an organization is corrupt; instead of that, evaluating the risk of corruption tries to measure the levels of risks in an organization and, by extension, how organizations could reduce this risk of becoming involved in corrupted acts (Charron et al., 2016). Finally, the risk of corruption in political parties focuses on corruption inside political parties rather than in other aspects of the government.

Based on these gaps (theoretical and empirical), I make three contributions. The first contribution is theoretical; I explain the mechanisms through which party systems and political parties' nationalization affect political corruption. I propose two main mechanisms:

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programmatic linkages and accountability. The second contribution is empirical, I separated perceived from actual political corruption and test the arguments using two measures; I also propose a new index to measure political corruption. The final contribution is methodological; I use mediation analysis to test the mechanisms that join party system nationalization and political corruption. I distribute these contributions in three papers.

In the first paper, I analyze the role of political parties' nationalization in promoting programmatic linkages between political parties and citizens (the first mechanism). Highly nationalized political parties respond equally to all the districts in order to maximize their appeal to voters, encouraging their leaders to focus on the provision of public goods rather than targeted private benefits (Castañeda-Angarita, 2013; and Jurado, 2014). Programmatic linkages have two effects. On the one hand, they raise the level of political trust, reducing the perception of corruption. On the other hand, they reduce opportunities to exchanged targeted benefits for bribes, decreasing actual political corruption. Using mediation analysis, this paper finds that programmatic linkages mediate the relationship between party nationalization and perceived corruption. Additionally, the mediation analysis shows us that the primary mechanism linking party nationalization and actual political corruption is programmatic linkages.

In the second paper, I analyze how the party system nationalization affects accountability and helps to reduce perceived and actual political corruption (the second mechanism). Because, in highly nationalized systems, political parties are more recognized, they are more concerned about their national reputation (Maggini & Emanuele, 2015; Morgenstern, 2017; Bizzarro et al., 2018), making party leaders more transparent and answerable. Moreover, the polls as mechanisms to throw the rascals out are strengthened in a more nationalized party system, increasing accountability. The increase in accountability increases the sense of government's good performance and reduces the perception of corruption. Also, the increase in accountability raises the cost of being corrupt, reducing actual political corruption. In addition, this paper uses mediation analysis to test if accountability is a mediator between party system nationalization and perceived and actual corruption. The main result shows us that party system nationalization only affects the perception of corruption and not actual political corruption, even if it affects accountability.

In the third paper, I develop an index to measure the risk of corruption in both party systems and political parties. Using legislation about party laws, electoral management bodies, party

funding, lobby, and political parties' statutes, I calculate the party system and political parties' likelihood of engaging in corrupt activities. The index has two levels. At the party system level, I measure the risk for 18 Latin American countries; at the political party level, I measure the risk for 85 political parties across in these countries. I focus on political parties with high and low seats in the legislature rather than all the political parties. In this paper, I found some evidence that political parties with national constituencies have less risk of corruption, but this evidence needs more robust tests.

This thesis also focuses on Latin American countries. Latin American countries have in common presidential systems, proportional representation systems and share the colonialism tradition. In the last 30 years, they have also presented great democratic instability. However, they presented variation among corruption indexes. Focusing on Latin American countries allows me to control for these common characteristics and concentrated on other aspects as their political parties.

Taken these three articles together, they contribute to a research agenda on understanding the role of party systems and political parties on political corruption. Also, these papers not only propose different mechanisms that affect the relationship between politicians and citizens but different measures that impact the previous research. Additionally, the risk of corruption index is a useful tool for future research in political corruption and political parties from a comparative perspective. Finally, the use of mediation analysis helps to test if the theoretical mechanisms have empirical evidence.

Building programmatic linkages through party nationalization to decrease perceived and actual corruption

Abstract: This paper aims to understand the effect of party nationalization on corruption. Building on research on the impact of party nationalization on political and policy outcomes, I show that party nationalization reduces perceived and actual corruption through incentivizing programmatic linkages between political parties and citizens. Scholars have demonstrated that greater party nationalization increases programmatic ties between political parties and citizens because these parties prioritize public goods provision over targeted distribution. I argue that a more national provision of public goods will increase programmatic linkages between politicians and citizens, increasing trust in government and decreasing the perception of corruption. I also argue that politicians in highly nationalized policy-oriented parties have fewer opportunities to exchange targeted benefits for bribes, which also reduces actual corruption. The study adds to our understanding of the effects of party nationalization on political outcomes by examining perceived and actual corruption.

Introduction

While causes of political corruption[1]–understood as the misuse of public power for private gain–have been widely studied, there is a lack of consensus about the role of electoral systems in fostering it. Several scholars note that because electoral systems affect the number of candidates competing for offices, they can also affect the importance of personal reputation. They argue that when the level of political competition between candidates is higher, candidates pay greater attention to their personal reputations among voters and have less incentive to engage in corruption (Persson & Tabellini, 2000; Persson et al., 2003; Kunicová & Rose-Ackerman, 2005; Charron, 2011; Gagliarducci et al., 2011). Other scholars argue that electoral systems could have the opposite effect. When the competition between candidates is higher, candidates have a greater need to cultivate a personal vote, which increases incentives to engage in corruption to cultivate support (Myerson, 1993; Golden & Chang, 2001; Chang, 2005; Birch, 2007; Chang & Golden, 2007).

Scholars from both sides of this debate support their arguments with considerable cross-country evidence, raising questions about the real effect of electoral systems on political corruption. I argue that the reason for this empirical discrepancy lies in the variation in the level of political parties' nationalization that scholars have traditionally studied. A nationalized political party enjoys similar electoral support in all (or almost all) the constituencies in a country (Jones & Mainwaring, 2003). National political parties tend to prioritize national issues over targeted ones to raise their chances of reelection (Jurado, 2014). Hence, national political parties create programmatic linkages and focus on developing programmatic policy agendas to win elections (Lago-Peñas & Lago-Peñas, 2009; Castañeda-Angarita, 2013; Jurado, 2014).

Building on this insight, I argue that citizens perceive lower levels of corruption with nationalized political parties because they perceive both more equitable policy promises and more trust. The perception of inequality and distrust are the main reasons that raise perceived

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[1] This definition has largely been accepted by the literature. However, Yadav (2011) proposes to define political corruption as "the abuse of entrusted power by political leaders for private gain, with the objective of increasing power or wealth. Political corruption need not involve money changing hands; it may take the form of 'trading influence' or granting favors that poison politics and threaten democracy" (pp. 5). Her definition, taken from Transparency International, focuses on politicians and political parties. In political parties, corruption not necessarily involves money but granting favors. Granting favors can include a huge variation in benefits like campaign finance. Besides, it headlines the main difference between corruption and clientelism or vote buying: the direction of bribes. In corruption, an external individual gives a bribe to the politician. This external individual can be a voter or an executive.

levels of corruption in countries (della Porta, 2000; Rothstein & Uslaner, 2005; You & Khagram, 2005; Chang & Chu, 2006; Uslaner, 2008; Morris & Klesner, 2010; van der Meer, 2010; Wroe et al., 2013). Political party members[2] will also have fewer opportunities to engage in corruption in highly nationalized parties. National policies lower the opportunities for actual political corruption. Programmatic policy and national spending stimulate programmatic linkages between citizens and politicians, lowering the changes to create clientelistic linkages and opportunistic behavior (Chang & Chu, 2006; Rose-Ackerman & Palifka, 2016). Conversely, when party nationalization is low, citizens perceive less equitable policy-provision across districts and classes (Rothstein & Uslaner, 2005), which reduces political trust (Rothstein & Uslaner, 2005; You & Khagram, 2005; Uslaner, 2008), and raises the perception of corruption. Additionally, legislators have fewer incentives to focus on national spending and programmatic policy (Crisp et al., 2004), which increase actual corruption opportunities (Chang & Golden, 2007).

In making this argument, I focus on how party nationalization affects the perception of corruption as well as the effect on actual political corruption. I argue that this difference is significant because perception is a judgment about government performance, whereas actual political corruption is about an observed behavior of political representatives (Wroe et al., 2013). Both perceived and actual corruption are important. Perceived corruption matters because citizens' perception of government performance affects their level of political trust in, and how they engage with, political institutions and public officers (della Porta, 2000; Seligson, 2002; Bailey & Paras, 2006; Chang & Chu, 2006; Charron, 2011). Actual corruption matters because it affects the government's performance and economic development (Mauro, 1995).

Political Factors and Corruption

A variety of political factors have been linked to corruption. Scholars argue that more democratic countries or countries with longer democratic traditions have stronger political institutions that strengthen the rule of law, something that raises the chances of detecting corruption and reduces the incentive for politicians to engage in it (Treisman, 2000; Montinola

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[2] I do not make a difference between legislators who are members of political parties' or other active members of political parties.

& Jackman, 2002; Lederman et al., 2005; Chang & Golden, 2010). Although democratic norms and institutions appear to have an essential effect on corruption, they do not explain its cross-national variation (see Figure 2.1). For example, among Latin American countries, Colombia has been characterized by a long democratic tradition, but it performs worse on the corruption scale than Chile that faced a long period of authoritarian rule (see Appendix 2.3).

Figure 2.1. Bayesian Corruption Index (BCI) vs. Level of Democracy, Latin America (1985-2018)
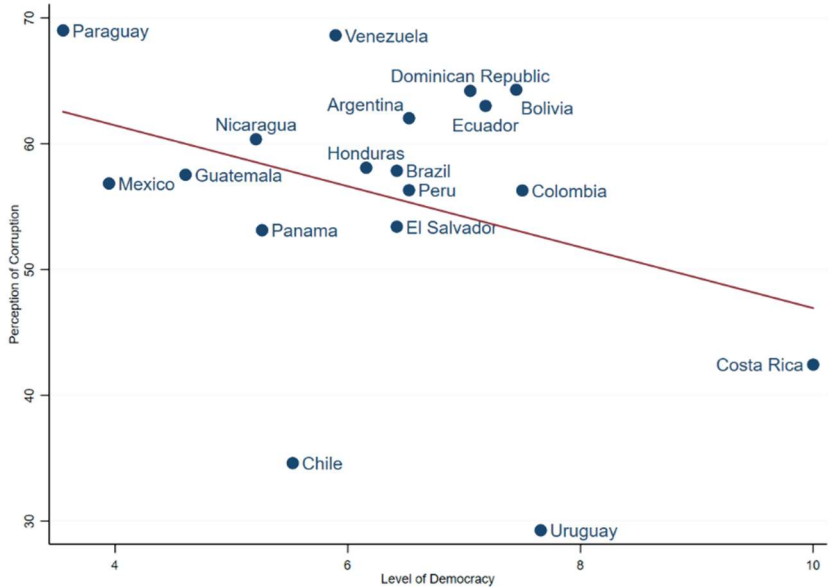
Source: Own elaboration based on Standaert (2015) database and the Varieties of Democracy database

Scholars have also examined the impact of vertical and horizontal institutional checks and balances on corruption. Some argue that decentralization reduces corruption because it divides policy responsibilities among levels of government, creating inter-jurisdictional competition (Fisman & Gatti, 2002a). Whereas others argue that decentralization raises corruption because it has more actors who are involved in the policymaking process (national, state, and local actors). The argument is that more actors raise the costs of the public organization –more contracts and agreements in different levels of the government– and, to avoid those costs, public officers engage in corruption (Treisman, 2000; Gerring & Thacker, 2004). Researchers also

emphasize the role of the judiciary in controlling corruption. Strong judicial systems are said to reduce the opportunities for politicians to engage in corruption because they can root out and punish corrupt practices (Ades & di Tella, 1996; Elbahnasawy & Revier, 2012). The statistical evidence for these relationships is weak because it uses few countries in limited contexts.

Scholars also examine the impact of electoral systems on corruption. Electoral systems that make politicians more accountable to voters reduce corruption because voters can punish corrupt politicians at the polls (Persson & Tabellini, 2000; Persson et al., 2003; Kunicová & Rose-Ackerman, 2005; Gagliarducci et al., 2011). For example, politicians elected in single-member districts (by the plurality or the majoritarian rule) will be more accountable to voters than those elected in multi-member districts (by proportional representation) because the clarity of responsibility for corruption is easier to assign in the former than in the later (Kunicová & Rose-Ackerman, 2005). Similarly, politicians elected in open list systems in multi-member (proportional representation) districts will be more accountable than those elected in closed list systems, as they must cultivate a personal vote to win support (Persson et al., 2003; Rose-Ackerman & Palifka, 2016). In contrast, in systems where party reputation is prevailing (proportional representation and closed list), corruption can be high because personal reputation is not essential to be elected, accountability is low, and the clarity of responsibility is blurred (Persson et al., 2003; Kunicová & Rose-Ackerman, 2005).

However, electoral systems that encourage party reputation over a personal reputation disincentivize corruption because political parties have a stronger incentive to build a good reputation (Myerson, 1993; Golden & Chang, 2001; Chang, 2005; Birch, 2007; Chang & Golden, 2007). Party leaders seek to protect their party's reputation by rooting out corrupt copartisans who can damage the party and its chances at the polls (Golden & Chang, 2001; Chang & Golden, 2007). Party reputation thus labels each politician in the party, and while voters focus on the label rather than the individual performance of each party member. In systems where party reputation is not essential, party leaders do not have incentives to root out corrupt politicians because voters are expected to do that at the polls. Consequently, individuals use their personal efforts to win elections, incurring misconduct behavior to get votes (Chang, 2005; Birch, 2007; Chang & Golden, 2007).

Electoral rules[3] that raise the level of competition (low district magnitude and multiparty systems, for example) also reduce corruption (Shleifer & Vishny, 1993). The greater the number of candidates that are competing for each seat, the more options voters have to choose from, and the lower the incentive for politicians to engage in risky, corrupt behavior that can hurt them at the polls (Alfano et al., 2016). However, greater political competition raises the level of corruption (Myerson, 1993; Golden & Chang, 2001; Golden, 2003; Chang, 2005; Birch, 2007; Chang & Golden, 2007; Charron, 2011). In systems with greater numbers of seats to be filled and where the barriers to entry are low, politicians can gain access to seats by incurring corrupt behavior (Chang, 2005; Birch, 2007). Growing competition over limited seats raises the importance of campaign resources for winning office, increasing the incentive for corruption (Chang, 2005).

Yet, others argue that party system fragmentation has a U-shaped relationship to corruption. At lower levels of fragmentation, voters have fewer options among which to choose, and political corruption increases. Similarly, voters have too many options at higher levels of fragmentation that complicate choosing the better politicians, and political corruption increases (Schleiter & Voznaya, 2014).

One reason for the contradictory findings in this literature has to do with the characteristics of the linkages between citizens and political parties. If voters are involved in political corruption or tied to corrupt politicians via clientelist networks or through ideological affinity, they will have no incentive to report corrupt practices or hold politicians accountable, irrespective of party system fragmentation. Therefore, linkages between citizens and political parties can motivate politicians to engage in corruption (Manzetti & Wilson, 2007; Charron & Bågenholm, 2016). In other words, the internal characteristics of political parties and voter behavior also affect the opportunities for politicians to be corrupt (Gingerich, 2009; Yadav, 2011; Gingerich, 2013).

Consequently, for every study arguing that a particular political factor reduces corruption, an argument makes a competing claim. These studies commonly fail to account for other party characteristics that may affect perceived and actual corruption. Internal organization affects all political parties by shaping the incentives to engage in corruption, regardless of the electoral

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[3] Electoral system includes electoral rule, ballot structure, district magnitude, and thresholds. The interaction between them affects the number of candidates in competition and the degree of personalism.

system or the government structure. For example, greater party polarization reduces corruption because "clean" political parties have fewer incentives to collude with "corrupt" ones. So, the higher the ideological distance between competing political parties, the lower the likelihood of colluding and hiding corrupt behavior (Heller et al., 2016). Schleiter & Voznaya (2018) also argue that party system institutionalization reduces the levels of corruption because it strengthens electoral accountability. They argue that the electoral rules matter for keeping politicians accountable to citizens but also that electoral accountability does not work without party system institutionalization. In the sections below, I argue that one party characteristic–the level of nationalization–also plays a crucial role in perceived and actual corruption.

Moreover, most cross-country comparisons use the perception of corruption to capture actual corruption due to limited data on actual corruption. However, using indexes gauging the perception of corruption can be problematic because citizens might confuse some kinds of political behavior, such as clientelism, pork-barreling, or lobbying–as corruption (Gerring & Thacker, 2004; Schleiter & Voznaya, 2014; Maeda & Ziegfeld, 2015). Even though some scholars argue that the perceived and actual corruption are endogenous to one another, recent research shows that perceived and actual corruption are quite different and are not correlated in some contexts (Andersen & Tverdova, 2003; Kampen et al., 2006; Melgar et al., 2009; Bohn, 2012). Thus, even if party characteristics affect both perceived and actual political corruption, the causal mechanisms linking them might differ. I make this case below.

Perceived Political Corruption

In this section, I explain the causal mechanism through which party nationalization affects citizens' perceptions of corruption. To do this, I separated the argument into two sections. In the first one, I argue that party nationalization increases programmatic linkages with citizens. In the second, I argue that programmatic linkages increase perceived corruption.

Highly nationalized political parties receive similar shares of votes across all national districts. To keep the support from all their electorate, they choose a more programmatic strategy to link their citizens instead of a clientelistic one (Jones, 2010; Castañeda-Angarita, 2013; Jurado, 2014; Canavan, 2015; Bizzarro et al., 2018).[4] Let me explain. According to Singer &

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[4] I use the definition of Jones & Mainwaring (2003) because it is the most common definition used by the literature.

Kitschelt (2011), political parties have many strategies to link citizens. Some use clientelist linkages, others use programmatic linkages, but many others use a combination of these strategies. I argue that as nationalized political parties are equally known to citizens across the nation, they acquire high public recognition, making it more profitable to use programmatic policies. A programmatic policy is based on a consistent and coherent ideological position (Cheeseman et al., 2014), so highly nationalized political parties promote national spending and a more programmatic agenda to appeal to their national electorate. Political parties should respond equally to all the districts to maximize their appeal to voters, encouraging their leaders to focus on providing public goods rather than targeted private benefits (Castañeda-Angarita, 2013; Jurado, 2014). It does not mean they do not use clientelistic linkages to appeal to citizens, but they use more programmatic strategies.

Having a more programmatic strategy also makes highly nationalized political parties more disciplined and organized than low nationalized. Crisp et al. (2004) argue that not all legislators are prone to cooperate in providing public goods because even though party reputation helps to get votes, only personal reputation helps to distinguish oneself from co-partisans. Also, electoral system characteristics–closed or open list, proportional or plurality–and the form of government–presidential or parliamentary–can affect unity and cooperation between members of the same party in the legislature (Carey, 2007). However, because political parties' leaders in highly nationalized parties have a particular interest in maintaining unity and cohesion, they will implement a variety of strategies to maintain cooperation around programmatic goals. For example, party leaders can use their influence over the allocation of the members in committees (Cann, 2008; Cann & Sidman, 2011; Fujimura, 2012). They can also impose strict rules to select candidates, restricting ballot access to disciplined members (Crisp et al., 2004). Additionally, they can use their control over monetary resources to maintain the cooperation between their members to reach party goals (Leyden & Borrelli, 1990; Cann, 2008). As such, party leaders in highly nationalized political parties are able to promote greater programmatic policy and public spending to appeal to their constituencies throughout the nation.

Continue with the second part of the argument, greater programmatic policy appeals combined with more programmatic public spending programs observed in highly nationalized parties improve citizens' views about government's performance, reducing corruption perceptions. More nationalized parties promote programmatic party competition between their

political parties because they want to maintain a good reputation in all the constituencies they compete with. Because programmatic policies do not distinguish between supporters and non-supporters but offer benefits to all the groups (Kitschelt & Wilkinson, 2007), the provision of programmatic policy and benefits raise the perception that parties are more equitable in their treatment within and across constituencies (Rothstein & Uslaner, 2005; OECD, 2013) and are doing the right thing.

This general sense of equity and good performance also raise the level of political trust and reduce the perception of corruption (della Porta, 2000; Canache & Allison, 2005; Rothstein & Uslaner, 2005; You & Khagram, 2005; Chang & Chu, 2006; Uslaner, 2008; Morris & Klesner, 2010; van der Meer, 2010). When citizens perceive that politicians care about their needs (van der Meer, 2010), and political agencies do not favor some over others, the sense of shared fate across the general population is strengthened (You & Khagram, 2005), and political trust increases. When people trust political institutions, they have confidence in political behavior and assess it less critically (Morris & Klesner, 2010). Consequently, trust in political institutions lowers the perception of corruption (Morris & Klesner, 2010; Wroe et al., 2013). Morris & Klesner (2010) claim that, for example, people in Mexico who distrust political institutions think that public figures are corrupt. Similarly, lower perception of corruption promotes trust in political institutions, completing the virtuous circle (Seligson, 2002; Chang & Chu, 2006).

Summarily, as higher nationalized political parties use more programmatic strategies to link their citizens, the perception of good performance increases and then the perception of corruption diminishes.

On the other hand, countries having low nationalized political parties would experience greater perception of corruption among citizens. In these systems, parties are known for targeted goods provision and clientelist relationships. The promise of votes from specific constituencies leads to politicians and political candidates to promote policies that benefit only specific groups of people (Kitschelt & Wilkinson, 2007). This preference for some constituencies increases the perception of inequality among citizens and decreases the perception of good performance, increasing perception of corruption. When people feel that inequality is increased, their political trust decreases because they have less confidence in political institutions (Rothstein & Uslaner, 2005; You & Khagram, 2005; Uslaner, 2008; van der Meer, 2010). As a result, they evaluate

the government's performance more critically and see corrupt behavior in each poor performance, even when it is not corrupt (Wroe et al., 2013).

I thus argue that highly nationalized political parties lead citizens to perceive equity across constituencies, which leads them to view politicians are "cleaner." When nationalization in political parties is low, citizens perceive that party policies are less programmatic and thus less equitable constituencies, which raises their perception that politicians are engaging in corruption. Resultantly, I present two hypotheses:

H1: Greater party system nationalization will be associated with lower corruption perceptions, all else being equal.

H2: Systems with more programmatic parties will be associated with lower perceptions of corruption, all else being equal.

Actual Political Corruption

As I explained in the section above, highly nationalized parties promote programmatic linkages between citizens and their members because they aim to keep the electoral support from all constituencies (Jones, 2010; Castañeda-Angarita, 2013; Jurado, 2014; Canavan, 2015; Bizzarro et al., 2018). Guaranteeing national spending and programmatic policies requires influential party leaders to enforce party discipline and cohesion, and prevent party members from acting against the party agenda. Thus, influential party leaders prevent party members from distributing targeted benefits, increasing programmatic linkages. Party members should join the strategies of their members because deviation from party leaders' directives can thus undermine future political careers (Crisp et al., 2004; Bizzarro et al., 2018), leading legislators in highly nationalized parties to comply with party goals instead of pursuing personal goals alone.

When political parties increase programmatic strategies, party members have fewer opportunities to engage in corrupt behavior than when they use clientelistic linkages. Even though pork-barrel spending and the delivery of targeted benefits are not necessarily signs of corruption (Rose-Ackerman, 2004),[5] many scholars point out that targeted benefits and pork-

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[5] Chang & Golden (2007) make a different between legal pork-barrel spending and corruption: "pork-barrel politics are aimed at winning for individual candidates in the localities so targeted, whereas corrupt exchanges at extracting financial resources." (pp.120). However, they argue that in many cases this difference is not significant.

barrel spending raise the likelihood of corruption. Chang & Golden (2007) argue that it is the individualized, targeted aspect of these benefits that create opportunities for corruption. Aceron (2013) also argues that targeted politics is also vulnerable to corruption because it focuses on get votes rather than prioritize assistance. Consequently, the increase of programmatic strategies reduces political corruption because it lowers the opportunity to make discretional changes.[6]

In contrast, in countries with few nationalized political parties, politicians are not constrained to their parties' programmatic agendas and their party leaders' goals. Political parties will increase clientelistic linkages with those constituencies and focus on building a personal reputation, using pork-barrel politics, individualized services, and targeted benefits (Crisp et al., 2004). When legislators are incentivized to provide target policies to some groups, they often expect bribes or favors for these policies, which increase corruption. This leads me to hypothesize the following:

H3: Greater party system nationalization will be associated with lower actual political corruption, all else being equal.

H4: Systems with more programmatic linkages will be associated with lower levels of actual political corruption, all else being equal.

Data and Methods

To test the two causal mechanisms linking party nationalization to perceived and actual corruption, I examine 18 Latin American countries from 1980 to 2018. I focus on Latin America to control for specific shared characteristics, like colonial heritage, religious heritage, and presidential systems, characteristics that could affect corruption. Research shows that Catholicism, high ethnolinguistic fragmentation, colonial or communist heritage can raise instances of corruption (Treisman, 2000; Lederman et al., 2005; Elbahnasawy & Revier, 2012; Neu et al., 2013). Since the level of party nationalization is based on electoral data, the dataset is not annual but legislative period-based, with 179 legislative elections. Because of the different

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[6] Rose-Ackerman & Palifka (2016) argue that in democracies with strong party discipline, national spending, and national parties, bribes could be increased because small groups do not have other ways to get their target policies. However, I argue that it is because there exist fewer opportunities to be corrupt that bribes will be very costly, and corruption will be less.

electoral schedules across Latin America, the dataset is unbalanced. Argentina has the highest number of legislative elections (18), and Nicaragua, Panamá, and Uruguay, the fewest (7). I adjust the dependent variables as well as control variables using their means for each legislative electoral period.

I capture the perception of corruption using the Bayesian Corruption Index (BCI) developed by Standaert (2015). The index runs from 1985 to 2017; the last update was in 2018 (see Appendix 2.1). I use this index instead of the classic Transparency International Index because the BCI measures the perception of corruption rather than the perception of transparency, covers more time, and is comparable between all the periods. Also, the BCI incorporates time-dependence. The index runs from 0 (not corruption) to 100 (very high corruption).

Figure 2.2. Perceived Corruption: Bayesian Corruption Index
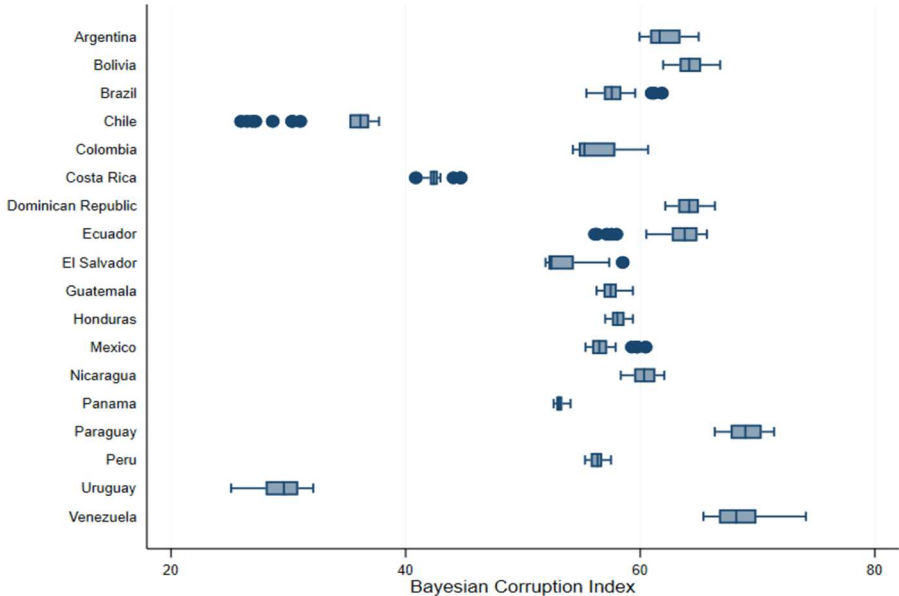
Source: Own elaboration based on Standaert (2015) database

Although Latin American nations share historical and cultural heritage, they also display significantly different values of the BCI. BCI values varied from 25.1 to 74.1 between 1984 and 2017, and with an average of 55.9. The lowest-ranked (least corrupt) nations show values similar to those of major OECD countries, and the highest-ranked ones (most corrupt) display values

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similar to those of other developing countries. Figure 2.2 shows this variation for the period under analysis. Chile and Uruguay are perceived by their citizens as the least corrupt, and Venezuela and Paraguay are perceived by theirs as the most corrupt.

To capture the level of actual political corruption, I use the Political Corruption Index proposed by Varieties of Democracy (see Appendix 2.1). This index measures the perception of corruption among experts about the frequency in which corrupt behavior (bribes, stealing, and embezzlement) occurs (Coppedge et al., 2020). Also, the index measures the degree of public corruption, executive corruption, legislative corruption, and judicial corruption, all the branches of government where political parties have an effect. This index gets closer to capturing actual levels of corruption than experienced corruption indexes because it focuses on different aspects of political corruption, including bribery, embezzlement, and stealings. The index ranges from 0 (no corruption) to 1 (extreme corruption).

Figure 2.3. Actual Corruption: V-Dem Political Corruption Index
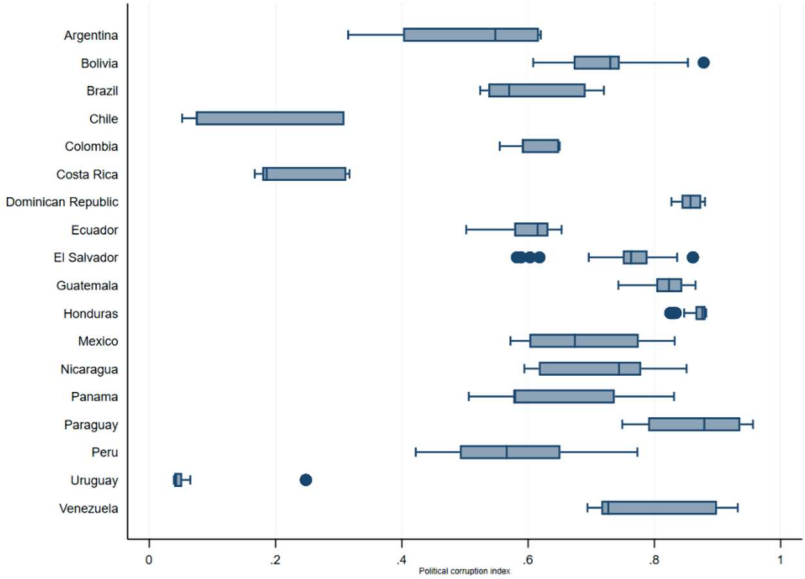
Source: Own elaboration based on the Varieties of Democracy database

Figure 2.3 shows the variation in the levels of actual political corruption for Latin American Countries between 1980 and 2018. The lowest actual corruption is presented in countries similar to those at the lower end of perceived corruption: Chile, Uruguay, and Costa Rica, but the

highest actual corruption occurs in more cases than it is perceived: Venezuela, Paraguay, Honduras, Guatemala, and the Dominican Republic. While the perception of corruption does not seem to have time-variation, the actual corruption index does. The average value of this index across Latin American countries between 1980 and 2018 is 0.62. The lowest value is 0.03 (Uruguay 2009-2012), and the highest 0.96 (Paraguay 1980-1989).

Figure 2.4. Party System Nationalization
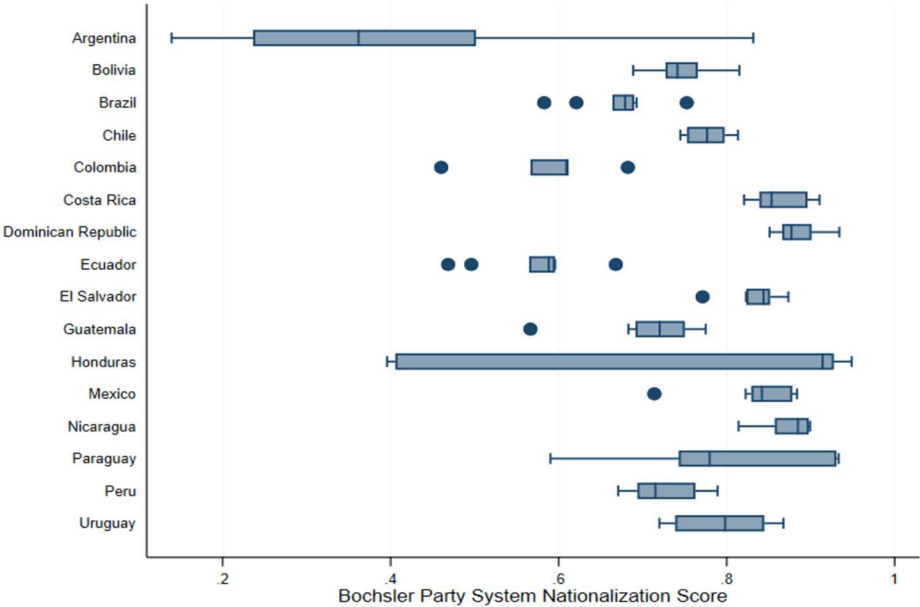
The primary independent variable is the level of party nationalization. Because there is a lack of information at the political party level, I use the party system nationalization measure. Jones & Mainwaring (2003) first developed an index based on the Gini Index to measure the level of electoral homogeneity in political parties. The Gini Index measures the degree of income inequality, showing the level of income distribution in a country. Similarly, the index of nationalization developed by Jones & Mainwaring (2003) measures the homogeneity of electoral support for a political party in a single country. Bochsler (2010) uses this index to create the Party System Nationalization Index by aggregating the Gini index of each political party weighted by political party size in each district. Bochsler's Index is thus an aggregated indicator of the homogeneity of party support across a single country. I take this variable from

the Constituency-Level Elections Archive (CLEA), a database with electoral information from across the world (Kollman et al., 2018).[7] The variable ranges from 0 low nationalized party system to 1 high nationalized party system (see Appendix 2.3).

Between 1980 and 2018, there were 179 legislative elections in Latin American countries. Most of the countries have held elections regularly since 1980, but some of them experienced changes at the beginning of the nineties due to constitutional reforms. I have information on only 73% of those elections (130) due to changes in country-level electoral information (see Appendix 2.2). The values of Bochsler standardized and weighted Party System Nationalization score varied from 0.14 to 0.95, with a mean of 0.71, between 1980 and 2018 (see Appendix 2.3). The countries with the highest values are the Dominican Republic, Costa Rica, and Nicaragua, and the country with the lowest value is Argentina. Figure 2.4 shows the cases of Honduras and Argentina, which display a wide variation in the period of study.

I capture parties' programmatic policy provisions using party linkages from the Varieties of Democracy (V-DEM) database. This variable measures the most common form of linkage between political parties and their constituencies. V-DEM measures this variable by asking a group of experts if political parties use more programmatic or clientelistic strategies. The variable can take values from 0 to 4, where 0 means clientelistic linkages, and 4 means programmatic linkages (Coppedge et al., 2020).

To test the hypotheses, I run two sets of models. The first set tests the relationship between perceived corruption and party system nationalization and the second set tests the relationship between actual corruption and party system nationalization. Because countries have different legislative periods, the dataset is unbalanced. I begin the statistical analysis by first examining the data for stationarity, heteroscedasticity, and serial correlation.

I apply the Augmented Dicky Fuller (ADF) test for stationarity or unit-roots. Assuming an unbalanced and finite number of observations but an infinite number of periods, I find that both perceived and actual corruption series are stationary, so I keep these variables in the level form (see Table 2.1). I use the Breusch-Pagan/Cook-Weisberg test to check for heteroscedasticity in both sets of models, and I find evidence to reject the null hypothesis of homoscedasticity. Thus, I include corrections for heteroscedastic errors in all the models. Finally, I test for serial

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[7] I do not have information for Panama, and I only have information for Venezuela in 2010. That is the reason why these countries are not included in the analysis.

correlation in the residuals using the Wooldridge test for serial correlation (Drukker, 2003). Since the results are significant, I correct the models for serial autocorrelation of order 1. I use a different autoregressive process for each country instead of a common error because I assume that each country is different and follows a different pattern.

Table 2.1. Augmented Dicky Fuller Test

Variable	Panel Means	Time Trend	P (χ^2)	Z (Inverse normal)
Bayesian Corruption Index	Included	Not included	33.8066	1.8481
Bayesian Corruption Index	Included	Included	311.6522***	-7.8192***
Actual Political Corruption	Included	Not included	69.0001***	-1.6917**
Actual Political Corruption	Included	Included	76.7495***	0.4797

Notes: p-value < 1% ***, p-value < 5% **, p-value < 10% *
Source: Own elaboration

I exclude fixed effects by country but include fixed effects by year. Including fixed effects by country helps control unobservable country-specific characteristics that could bias the estimations. However, since I am comparing different institutional characteristics, most of my independent variables are invariant in time and precludes to include fixed effects models (Clark & Linzer, 2015). Moreover, my primary independent variable, party system nationalization, has little variation over time. Thus, changes in perceived and actual political corruption are due to differences between countries more than differences within countries. Also, I am more interested in knowing why countries with shared historical characteristics still have differences in the levels of corruption. I add year effects to control for temporal effects of unobservable variables that could affect nations.

Given the time-invariant nature of the perceived actual political corruption among many countries, I do not include any lag of perception of corruption when it is the dependent variable. The standard deviation in the perception of corruption for most countries (11) is less than 1.5 between 1984 and 2017 (see Appendix 2.3). Moreover, the Bayesian Corruption Index is designed to include the time-dependence of perception of corruption, which precludes the use of lags for the dependent variable (Standaert, 2015). Following Beck & Katz (2011), I estimate three different models with the perception of corruption as a dependent variable. The first estimator is the usual model of random effects with clustered standard errors to correct for heteroscedasticity and autocorrelation. I use Pesaran's CD test to evaluate cross-section

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dependence (Pesaran, 2015). I have found evidence that the cross-sectional dependence is a problem, so I run two additional models to correct it. First, the Driscoll & Kraay (1998) estimator (SCC), which is robust to any kind of spatial and temporal dependencies, second the panel corrected standard errors (PCSE) estimator, with corrections for heteroscedasticity and serial correlation.

When I use actual political corruption, I run dynamic models. Because the actual political corruption in a legislative period could be influence by the values in the past, I include a lag of the actual political corruption in these models. Also, actual political corruption has a significant variation in all countries. I estimate three dynamic models. First, I run a model using OLS with clustered standard errors (SE). Second, I use Panel Corrected Standard Errors (PCSE) to control for cross-sectional dependence. However, the use of dynamic models with panel data causes bias in the estimators, according to Beck & Katz (2011). Thus, I use the difference GMM estimator introduced by Arellano & Bond (1991), which uses as instrumental variables the lags of the independent variables to correct the bias in the estimators.

Statistical Results: Perceived Corruption

I first test the link between party system nationalization and the perception of corruption. To examine this link, I include various political and economic controls. First, I control for the level of democratization using the variable Polity2 taken from V-Dem, which runs from authoritarianism (-10) to fully democracy (10) (see Appendix 2.1). I also control for polarization in the party system because a more polarized party system increases the importance of corruption issues to mobilize people, which raises the perception of corruption (Davis et al., 2004). This variable is taken from the Database of Political Institutions (DPI) and is measured on three levels: 0. No polarization, 1. Low Polarization, and 2. High polarization (see Appendix 2.1). I use a separate dummy for each value.

Economic development also affects the perception of corruption. In higher developed countries, people perceive less corruption because they are wealthier and have more opportunities than in low developed countries (Maeda & Ziegfeld, 2015; Baier et al., 2016; Erlingsson & Kristinsson, 2016). I use the logarithm of GDP per capita as a proxy of the level

of economic development of each country; this variable is taken from the World Bank Database (see Appendix 2.1).

Table 2.2. Party System Nationalization and Perceived Corruption

	DV: Perception of Corruption		
	Random Effects	SCC	PCSE
	(1)	(2)	(3)
PSN	-23.309***	-23.309***	-15.451***
	(8.65)	(7.79)	(3.57)
Democracy (Polity)	-2.470***	-2.470***	-1.476***
	(0.70)	(0.52)	(0.34)
GDP per capita (ln)	-7.784***	-7.784***	-4.599***
	(2.55)	(1.81)	(0.88)
1.Low Polarization	4.043	4.043**	-0.085
	(2.93)	(1.75)	(1.12)
2.High Polarization	0.482	0.482	-0.291
	(2.15)	(1.65)	(1.11)
Constant	150.621***	150.621***	113.457***
	(24.60)	(17.66)	(9.07)
Year Fixed Effects	Yes	Yes	Yes
Number of Observations	124	124	124
Number of groups	17.00	17.00	17.00
Minimum observations	1.00	1.00	1.00
Average observations	7.29	7.29	7.29
Maximum observations	17.00	17.00	17.00
R^2	NA	NA	0.98
χ^2	.	12003.43	76.01

Notes: Standard errors in parenthesis, p-value < 1% ***, p-value < 5% **, p-value < 10% *
Source: Own elaboration

Table 2.2 shows the results for Hypothesis 1. The negative and significant coefficients ($p<.01$) in all models show that the perception of corruption is lower when political parties' nationalization increases. The random-effects model with cluster standard errors shows that party nationalization affects perception of corruption negatively. This effect persists even after I correct the standard error with SCC and PCSE. Moreover, I find that both democracy and economic development are statistically significant ($p<.01$) and correspond with lower perception of corruption, just as existing literature argues (Moreno, 2002; Bailey & Paras, 2006;

Maeda & Ziegfeld, 2015; Baier et al., 2016). Regardless of the controls used, party nationalization lowers the perception of corruption in Latin American countries.

Table 2.3. Party Linkages and the Perception of Corruption

	DV: Perception of Corruption		
	Random Effects	SCC	PCSE
	(1)	(2)	(3)
Programmatic Linkages	-7.253***	-7.253***	-2.823***
	(1.72)	(0.97)	(0.53)
Democracy (Polity)	-0.368	-0.368	0.099
	(0.33)	(0.31)	(0.13)
GDP per capita (ln)	-1.140	-1.140	-0.443
	(2.40)	(0.71)	(0.78)
1.Low Polarization	5.011**	5.011***	0.327
	(2.50)	(1.28)	(0.59)
2.High Polarization	2.435*	2.435**	1.011*
	(1.48)	(0.93)	(0.56)
Constant	86.513***	86.513***	66.946***
	(19.07)	(4.13)	(6.40)
Year Fixed Effects	Yes	Yes	Yes
Number of Observations	161	161	161
Number of groups	18.00	18.00	18.00
Minimum observations	5.00	5.00	5.00
Average observations	8.94	8.94	8.94
Maximum observations	17.00	17.00	17.00
R^2	NA	NA	0.98
χ^2	.	35484.19	73.06

Notes: Standard errors in parenthesis, p-value < 1% ***, p-value < 5% **, p-value < 10% *
Source: Own elaboration

If the mechanism I propose is correct, programmatic linkages should have a negative effect on the perception of corruption (Hypothesis 2). Like the models estimated for testing Hypothesis 1, and following earlier literature, this model includes democracy and GDP per capita, as well as polarization (Davis et al., 2004; Canache & Allison, 2005; van de Walle, 2008; Melgar et al., 2009; Roca, 2010; Sharafutdinova, 2010; Bohn, 2012; Roca et al., 2012; Maeda & Ziegfeld, 2015; Baier et al., 2016; Blais et al., 2017).

Table 2.3 shows the results testing Hypothesis 2. In all the models, countries with more programmatic linkages have a lower perception of corruption (p<.01). Thus, the empirical

evidence suggests that when political parties create programmatic linkages with their constituencies, the perception of corruption declines. So far, I have found empirical evidence of PSN has a direct effect on the perception of corruption as well as programmatic linkages. Now, to test if the effect of PSN on the perception of corruption is going through programmatic linkages, I run a mediation analysis.

Following Imai, Keele, & Tingley (2010), I use Zhao, Lynch & Chen's approach to testing the effect of mediators variables. This approach first evaluates the effect of the treatment variable (party system nationalization) on the outcome variable (perceived corruption). Second, it evaluates the effect significance of the average mediated effect of the mediator variable (party linkages) using a Monte Carlo's test (Zhao et al., 2010). I use the perception of corruption as the income variable (Y), and party system nationalization as the treatment variable (T) to estimate the effect of programmatic linkages as a mediator (M) between both variables.

Table 2.4. Mediation Analysis. Outcome: Perception of Corruption. Mediator: Party Linkages. Treatment: PSN

Effect	Mean	[95% Conf. Interval]	
Total Effect	-23.7894	-41.0576	-14.078
Direct Effect	-13.6786	-22.9303	-5.84724
ACME	-10.1109	-21.457	-1.61515
% ACME	0.428685	0.24626	0.718203

Source: Own elaboration

I add the same controls I have mentioned above to the equations. The results in Table 2.4 show that programmatic linkages have an average causal mediation effect (ACME) of 43% - confident interval (24.6% - 71.8%)- between party system nationalization and the perception of corruption. The relationship between Party Nationalization and Perception of Corruption conditional on programmatic linkages is significant ($p < .05$), and also Monte Carlos' test ($p < .05$) (see Appendix 2.4). Thus, according to Zhao, Lynch & Chen's approach, programmatic linkages have a partial complementary mediation between PSN and perceived corruption. This result means that the effect of party system nationalization on the perception of corruption is due to programmatic linkages in around 43%. The rest is due to other mechanisms that are not evaluated here. Appendix 2.4 shows the sensibility analysis for this result.

Statistical Results: Actual Corruption

Now, I turn to the effect of party nationalization on actual corruption. Hypothesis 3 argues that party nationalization has a negative effect on actual political corruption. The models include some different political and economic controls because actual political corruption is affected by different factors than perceived political corruption. I control for the level of democracy because it strengthens the rule of law, which increases the chances of discovery of corruption, and decreases incentives to engage in corruption (della Porta, 2000; Treisman, 2000; Montinola & Jackman, 2002; Lederman et al., 2005; Chang & Golden, 2010; Roca, 2010). I use the Polity2 score, which takes values between -10 and 10, where -10 is total authoritarianism, and 10 is a full democracy (see Appendix 2.1). I also include a control for the type of list system used in elections.

The type of electoral systems also affects the clarity of responsibility and importance of reputation, thus shaping incentives to engage in corruption (Myerson, 1993; Persson & Tabellini, 2000; Golden & Chang, 2001; Persson et al., 2003; Chang, 2005; Kunicová & Rose-Ackerman, 2005; Birch, 2007; Chang & Golden, 2007; Charron, 2011; Gagliarducci et al., 2011). As Latin American countries use mixed-member proportional representation or mixed systems that include proportional representation, I control for the type of list they use–closed or open-. I take this variable from the Database of Political Institutions (see Appendix 2.1).

Following previous literature, I use the logarithm of GDP per capita as a proxy of economic development taken from the World Bank database (see Appendix 2.1). High levels of economic development raise the level of education, literacy, and modernization, which allow a better understanding of corrupt behavior, and reduce tolerance towards it, and decrease the incentives to engage in it (Treisman, 2000; Gerring & Thacker, 2004; Kunicová & Rose-Ackerman, 2005; Elbahnasawy & Revier, 2012; Heller et al., 2016). I also include the percentage of rents from natural resources because the literature has shown that countries with high dependence on natural resources are more corrupt than the others (Shleifer & Vishny, 1993; Ades & di Tella, 1996; Gerring & Thacker, 2005; Elbahnasawy & Revier, 2012).

Table 2.5. Party System Nationalization and Actual Political Corruption

	DV: Actual Political Corruption		
	Clustered SE	PCSE	Arellano-Bond
	(1)	(2)	(3)
Actual Corruption Lagged	0.909***	0.854***	0.182
	(0.06)	(0.04)	(0.14)
PSN	-0.017	-0.042	-0.037
	(0.03)	(0.03)	(0.03)
Democracy (Polity)	-0.009	-0.013***	-0.022***
	(0.01)	(0.00)	(0.01)
Closed List	-0.006	-0.006	
	(0.01)	(0.01)	
GDP per capita (ln)	-0.010	-0.029**	0.021
	(0.01)	(0.01)	(0.06)
Natural Resources Rents (% GDP)	-0.001	-0.002	0.003*
	(0.00)	(0.00)	(0.00)
Constant	0.243	0.477***	0.475
	(0.21)	(0.16)	(0.44)
Year Fixed Effects	Yes	Yes	Yes
Number of Observations	117	117	92
Number of groups	NA	17.00	16.00
Minimum observations	NA	1.00	3.00
Average observations	NA	6.88	5.75
Maximum observations	NA	16.00	15.00
R^2	0.97	0.98	NA
χ^2	NA	4836.06	109.61

Notes: Standard errors in parenthesis, p-value < 1% ***, p-value < 5% **,
p-value < 10% *
Source: Own elaboration

Table 2.5 shows the results for testing Hypothesis 3. Models show that party nationalization does not have any direct effect on actual political corruption. Interestingly, the effect of the closed list loses significance with the inclusion of party nationalization.[8] Recall that I argued that one of the reasons for the contradiction in prior research on the causes of corruption was that it does not consider other party characteristics such as party system nationalization. The

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[8] I found the result for models 1 and 2. Because closed list is an invariant variable, the Arellano-Bond estimator drops the variable when it takes first differences.

results in Table 2.5 show that when accounting for party nationalization, the effect of the list is not significant.

Table 2.6. Programmatic Linkages and Actual Political Corruption

	DV: Actual Political Corruption		
	Clustered SE	PCSE	Arellano-Bond
	(1)	(2)	(3)
Actual Corruption Lagged	0.878***	0.787***	0.328**
	(0.07)	(0.05)	(0.16)
Programmatic Linkages	-0.013	-0.025**	-0.067***
	(0.01)	(0.01)	(0.02)
Democracy (Polity)	-0.010	-0.013***	-0.012**
	(0.01)	(0.00)	(0.01)
Closed List	0.000	0.008	
	(0.01)	(0.02)	
GDP per capita (ln)	-0.007	-0.022**	0.027
	(0.01)	(0.01)	(0.05)
Natural Resources Rents (% GDP)	-0.002	-0.003*	0.004*
	(0.00)	(0.00)	(0.00)
Constant	0.249	0.480***	0.366
	(0.19)	(0.15)	(0.43)
Year Fixed Effects	Yes	Yes	Yes
Number of Observations	117	117	106
Number of groups	NA	17.00	17.00
Minimum observations	NA	1.00	1.00
Average observations	NA	6.88	6.24
Maximum observations	NA	16.00	15.00
R^2	0.97	0.99	NA
χ^2	NA	4641.46	183.24

Notes: Standard errors in parenthesis, p-value < 1% ***, p-value < 5% **, p-value < 10% *
Source: Own elaboration

However, it could be that party nationalization has an indirect effect mediated by party linkages. Similar to the perception of corruption, even if party nationalization does not directly affect actual political corruption, it could affect programmatic linkages that, in turn, affect actual political corruption. I first test if programmatic linkages have an effect on actual corruption, and then I run a mediation analysis.

Hypothesis 4 claims that programmatic linkages should have an effect on actual corruption if party nationalization affects actual corruption. To test the hypothesis, I use the same controls that I used before: democracy, GDP per capita, list, and natural resources. Table 2.6 shows the results. In the first models, programmatic linkages are not significant. However, when I correct the standard errors for cross-sectional dependence and Nickel's bias, using PCSE and Arellano-Bond estimators, the results change. Models 2 and 3 shows that programmatic linkages have a positive and significant effect on actual political corruption ($p<.01$).

Table 2.7. Mediation Analysis. Outcome: Political Corruption. Mediator: Party Linkages

Effect	Mean	[95% Confidence Interval]	
Total Effect	-0.19279	-0.42313	-0.00166
Direct Effect	0.023978	-0.12877	0.201784
ACME	-0.21677	-0.42939	-0.05334
% ACME	1.137332	0.451469	7.621956

Source: Own elaboration

I next run a mediation analysis for political corruption as an outcome variable and party nationalization as a treatment variable. Table 2.7 shows that party linkages have, on average, a mediated effect of 100% -confidence interval [45.1% - 700%]-. Following Zhao, Lynch & Chen's approach, I find that the relationship between Party Nationalization and Perception of Corruption conditional on programmatic linkages is not significant; I also find that the Monte Carlos' test is significant ($p<.05$). Consequently, programmatic linkages have full mediation on the relationship between party nationalization and perception of corruption (see Appendix 2.4). As the results in Table 2.5 and Table 2.6 suggest, party nationalization does not seem to affect political corruption directly, but programmatic linkages do. Consequently, the effect of party nationalization on the perception of corruption is due to the degree of programmatic linkages between political parties and citizens. Appendix 2.4 shows the analysis of sensibility for this result.

Conclusion

In this paper, I have provided empirical evidence that shows that party nationalization matters for both perceived and actual political corruption. The analysis reveals that

programmatic linkages are a variable that links party nationalization with perceived corruption. However, the analysis also shows that other mechanisms link party system nationalization with the perception of corruption. On the side of actual political corruption, the analysis shows that the effect of party nationalization is mediated through the programmatic linkages' mechanism.

These findings have two important implications. First, in the analysis of political corruption, party characteristics should be seriously considered because politicians, incumbents, and voters organize around political parties. These parties play an important role in disincentivizing corrupt behavior beyond electoral rules. As the results have shown, the effect of the closed and open lists is not significant when party nationalization is considered.

A second implication is that mechanisms that link perceived and actual political corruption are different. Due to the nature of political corruption, measures should be carefully used when we build theories. As I have shown, party linkages are just one mechanism through which party nationalization and perception of corruption are linked. However, it is the main mechanism that joins party nationalization with actual political corruption. Thus, while the programmatic linkage is a key variable to explain real political corruption, perception of corruption is also affected by other mechanisms.

Future research should focus on the mechanisms that affect the perception of corruption. We still have a limited understanding of how the perception of corruption is affected. Such knowledge could be broadened through the use of individual-level data with cross country comparisons to help us understand how perception of corruption is formed.

Party System Nationalization Promoting Accountability to Curb Corruption

Abstract: Building on growing research on the impact of party system nationalization on political and policy outcomes, I argue that party system nationalization affects political corruption through increasing accountability. Political parties in nationalized party systems care about their national reputations, expect potential alternation in power, and deploy mechanisms to punish corrupt copartisan behavior, which raises the level of political accountability to voters. As a result, I argue that systems with more nationalized political parties enjoy both lower perceived and actual political corruption. I test these links using cross-sectional time-series analysis as well as mediation analysis for Latin American countries between 1980 and 2018. I find that accountability is a mediator between party system nationalization and perceived corruption. However, party system nationalization does not have any effects–neither direct nor indirect–on actual political corruption.

Introduction

Even though most countries experience some form of political corruption, some are plagued more than others. One of the main reasons why some nations experience more corruption than others has to do with accountability. Accountability refers to whether citizens are able to monitor the activities of their governments, whether rulers must justify their decisions, and whether citizens can punish corrupt politicians and reward clean ones (Schedler, 1999). However, accountability only works amidst high clarity of responsibility (Powell & Whitten, 1993; Persson et al., 1997; Cheibub & Przeworski, 1999; Powell, 2000; Hellwig & Samuels, 2008; Shabad & Slomczynski, 2011). Thus, most research on political corruption focuses on how different political institutions improve clarity of responsibility. Parliamentary governments, unitary systems, plurality rule, and free and fair elections are the central institutions that enhance the clarity of responsibility and decrease political corruption (Powell & Whitten, 1993; Persson et al., 1997; Powell, 2000; Samuels, 2004; Gerring & Thacker, 2008; Hellwig & Samuels, 2008; Hobolt et al., 2013). In contrast, presidential governments, federal systems, and proportional representation, which experience less clarity of responsibility, are associated with greater political corruption.

The empirical evidence of the effect of these political institutions on political corruption is mixed. For example, while some scholars argue that parliamentary systems are less corrupt than presidential countries because the division of power in the last one reduces the clarity of responsibility. Thus, countries with presidential systems like Chile and Uruguay have better indexes of transparency than countries like the Czech Republic that has a parliamentary system or France with a semi-presidential system.[9] Similarly, unitarian systems have more clarity of responsibility than federal systems, but the last one creates closed linkages with citizens, which improve the quality of information and reduces corruption (Fisman & Gatti, 2002a). Additionally, there are no doubts about the crucial role of electoral rules in explaining political corruption, but the literature has contrasting arguments about how they affect accountability and corruption (Persson et al., 2003; Chang, 2005; Kunicová & Rose-Ackerman, 2005; Chang & Golden, 2007).

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[9] In the last report of Transparency International 2020, Uruguay was ranked 21, France 23, Chile 25, and Czech Republic 49.

I argue that the reason for these contradictory findings has to do with two factors. Firstly, most of the arguments are made to explain actual political corruption, which focuses on the behavior of politicians. However, their empirical evidence is based on the perception of corruption measures, which uses citizens' perception of corruption -experts included- (Morris, 2008). Perception and actual political corruption are affected by different variables and mechanisms. While the perception of corruption is a subjective judgment that could be affected by trust and government's performance, actual corruption is a real behavior that could be affected by personal incentives as getting more money and power.

The second reason for these contradictory findings is that party system characteristics shape how citizens relate to political parties, and hence accountability. Previous literature has found that the party system institutionalization affects the clarity of responsibility, accountability, and political corruption (Schleiter & Voznaya, 2018). Party system institutionalization implies that political parties are widely known and have deep roots in society (Mainwaring & Scully, 1995). It means that all institutionalized systems should be nationalized, but not all nationalized systems are institutionalized. That is the case of party systems in Latin American countries. In weak democracies, like Latin America, with high volatility and where political parties often change in each election, the nationalization of party systems is a key factor in explaining the relationship between citizens and political parties more than institutionalization. I argue that party system nationalization affects the value of party reputation, alternation of power, and elections as mechanisms for punishing corrupt behavior. The party system nationalization enhances accountability and thereby reduces perceived and actual corruption.

To test my argument, I use cross-section time-series analysis as well as mediation analysis for 18 Latin American countries between 1980 and 2018. Cross-sectional time-series analysis allows correcting within and between variations. Mediation analysis allows testing whether or not the effect of accountability as a mediator is significant. The results show that while party system nationalization has a direct and indirect effect on the perception of corruption mediated by accountability, it does not have any effect on actual political corruption.

In the next sections of the paper, I first review the arguments that affect perceived and actual political corruption. Second, I develop my argument that links party system nationalization and perceived and actual political corruption. Finally, I present the empirical analysis' results for Latin American countries and the conclusions.

Research on political corruption: reality and perception

One of the main challenges of the literature about political corruption is the measure. Due to the difficulty of measuring criminal problems directly (Morris, 2008), most of the literature focuses on the perception of corruption as a proxy of actual corruption. However, Rose & Mishler (2007) and Weber Abramo (2008) show that even the level of actual corruption influences the perception of corruption, it does not show the real patterns of actual corruption. While perception is an ethical judgment about the actions of an individual that could be influenced by trust and moral ideas, actual corruption is a real behavior (Morris, 2008; Wroe et al., 2013). Nevertheless, scholars argue that while the perception of corruption is influenced by actual corruption, actual corruption could also be affected by perception, which creates a vicious circle (Bohn, 2012; Erlingsson & Kristinsson, 2016).

On the side of actual political corruption, scholars have found that fair and free elections are the main variable that explains variation in corruption indexes because it allows alternation of power between "good" and "bad" types of politicians, reducing incentives to corrupt behavior (Treisman, 2000; Montinola & Jackman, 2002; Lederman et al., 2005; Chang & Golden, 2010). Also, more developed countries suffer from fewer social problems (inequality, unemployment, poverty), which decrease actual corruption (Treisman, 2000).

These two factors do not explain all variation in actual corruption.[10] Cultural institutions and traditions, such as colonialism, religion, and ethnic fractionalization, also affect actual levels of political corruption (Treisman, 2000; Elbahnasawy & Revier, 2012). Even though these results are significant, cultural traditions still do not explain why some Latin American nations that share the same tradition of colonialism and religion still face different levels of political corruption. Figure 3.1 shows this variation in three different measures of political corruption: The Bayesian Corruption Index from Standaert (2015) between 1985-2017, Political Corruption Index from 1980 to 2019 by the Varieties of Democracy (V-DEM) database, and Rate of Bribes in 2017 and 2019 from the Global Corruption Barometer.[11] As the Figure shows, there is a

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[10] Even in the richest and more democratic countries, corruption arise. For example, the 2020 exporting corruption report by Transparency International shows that lower perceived countries like Denmark, Norway, Switzerland, and New Zealand are countries with little or not enforcement against foreign bribery.

[11] The Figure shows the average of each measure in the last years. BCI just have information between 1985 and 2017, and the Political Corruption Index have information for all the period. On the other side, the rate of bribes from the Global Barometer Corruption for Latin America is a recompilation of different surveys conducted between March 2014 and January 2019.

considerable variation between countries. Moreover, although Chile, Uruguay, and Costa Rica are the less corrupted-perceived countries in Latin America, the rate of bribes in those countries is higher than in Brazil, Argentina, and Paraguay.

Figure 3.1. Corruption Indexes, Latin America (1980-2019)
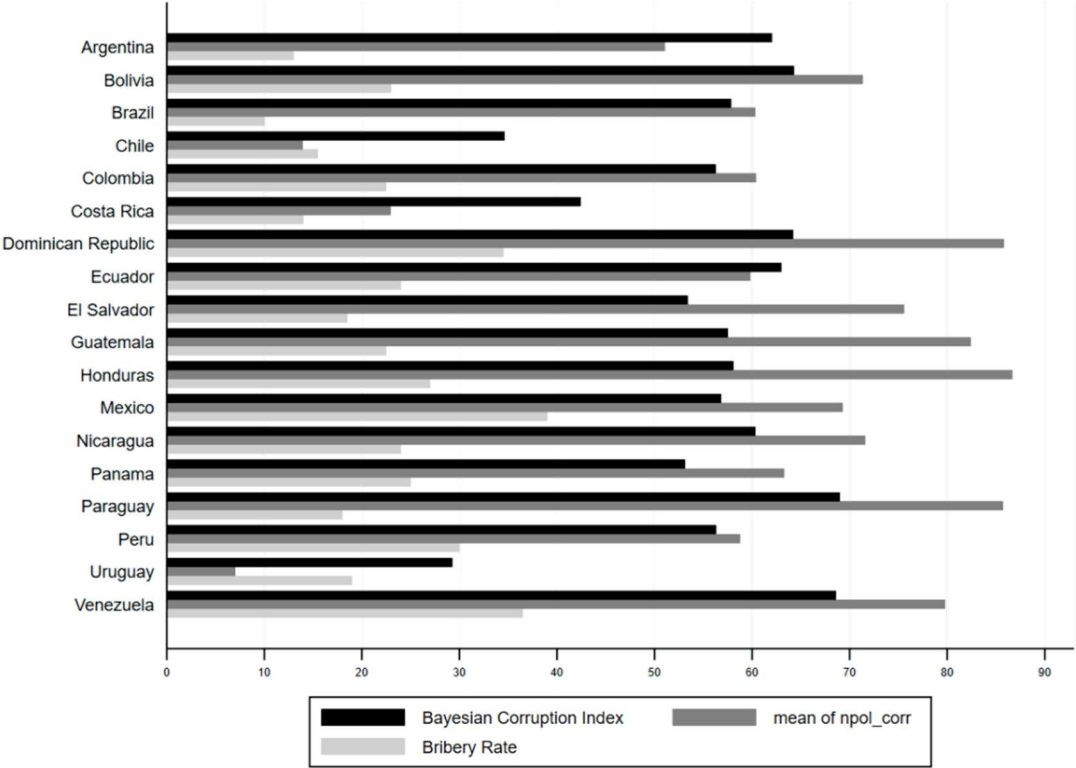
Source: Own elaboration based on Standaert (2015) database, Varieties of Democracy database, and the Global Corruption Barometer Report.

Beyond the effect of cultural and historical characteristics, scholars argue that the differences within and between countries are due to levels of accountability. The core of the literature focus on how institutional rules affect the level of clarity of responsibility that modifies citizens' capacity to assign responsibility and keep politicians accountable (Persson et al., 2003; Gerring & Thacker, 2004, 2008; Kunicová & Rose-Ackerman, 2005; Lederman et al., 2005; Tavits, 2007; Schwindt-Bayer & Tavits, 2016). These institutional rules include the type and system of government, centralization of power, and electoral rules.

Assigning responsibility in parliamentary systems is more straightforward in comparison with presidential systems because there no exists divided government (Powell & Whitten, 1993; Powell, 2000; Moreno et al., 2003; Gerring & Thacker, 2008). Thus, accountability in parliamentary systems is higher than in presidential ones, and actual political corruption is lower (Gerring & Thacker, 2004; Kunicová & Rose-Ackerman, 2005; Lederman et al., 2005). However, scholars have found that the division of power in parliamentary systems could help to increase accountability because the system of checks and balances between the legislative and executive reduces the concentration of power and, as a consequence, corrupt behavior (Persson et al., 1997; Samuels, 2004; Hellwig & Samuels, 2008).

Similar to the argument above, unitary and federal systems face contrasting arguments. In the former, citizens could assign responsibility easily because decisions are taken only at the national level (Gerring & Thacker, 2008). Conversely, in federal systems, some decisions are taken at the national level and others at the local level, making assigning responsibility more difficult. As a consequence, in unitary systems, actual corruption is lower than in federal systems (Gerring & Thacker, 2004; Kunicová & Rose-Ackerman, 2005; Chang & Golden, 2007; Tavits, 2007; Schwindt-Bayer & Tavits, 2016). However, some scholars have argued that federal systems have fewer levels of actual corruption because the competition between national and local levels creates checks and balances that keep politicians accountable (Fisman & Gatti, 2002a).

Finally, electoral systems like plurality or majoritarian rule allow assigning responsibility more directly than proportional representation systems. In majoritarian systems, voters only choose one legislator instead of multiple, facilitating clarity of responsibility and then accountability (Persson et al., 2003; Kunicová & Rose-Ackerman, 2005). Among proportional representation systems, those with electoral open-lists are better at assigning responsibility than those with closed lists because voters choose the candidates, reducing actual political corruption. However, the competition between political parties in majoritarian and open-list systems and the predominant effect of personal reputation make politicians more unscrupulous when seeking votes (Chang, 2005; Birch, 2007; Chang & Golden, 2007). In contrast, in systems using closed lists where party reputation is the most important, politicians are more responsible when building and keeping party reputation and thus more cautious about their potential involvement

in corruption scandals (Chang & Golden, 2007). The empirical evidence supports both sides of the arguments, raising questions about which mechanism works better.

One reason for the contradictory findings shown above has to do with the characteristics of political parties competing for office. Although not all political parties face the same levels of clarity of responsibility, the political competition makes them react with different levels of transparency and responsiveness. This political competition is not just shaped by electoral rules and political institutions but also by the party system characteristics (Mainwaring & Scully, 1995).

The literature about the role of party systems in controlling political corruption has been increasing. Mainwaring & Scully (1995) and Schleiter & Voznaya (2018) argue that institutionalized party systems increase accountability. According to the authors, institutionalized party systems are systems where political parties have established roots in the society, and it is easy to identify them by their ideology and reputation. Then, party system institutionalization helps to improve the clarity of responsibility, increase accountability, and decrease corruption. Although Schleiter & Voznaya (2018) show a negative impact of party system institutionalization on corruption, they do not distinguish between perception and actual political corruption.

I argue that another reason for these contrasting findings has to do with the measures of corruption. Scholars argue that the mechanisms that affect perception are not the same as the mechanism that affects actual corruption (Morris, 2008). For example, both perception and actual corruption are affected by the level of democracy and economic development (Bailey & Paras, 2006; Maeda & Ziegfeld, 2015). Nevertheless, while perception is affected by democracy because it increases political trust in citizens, actual corruption is affected by democracy because it strengthens institutions and the rule of law, which increase the cost of being corrupt (della Porta, 2000; Treisman, 2000; Montinola & Jackman, 2002; Lederman et al., 2005; Chang & Golden, 2010; Roca, 2010). Similarly, while the perception of corruption is affected by economic development because it affects people's experience with corruption, actual corruption is affected by economic development because it reduces incentives to engage in corrupt behavior (Treisman, 2000; Elbahnasawy & Revier, 2012; Baier et al., 2016; Erlingsson & Kristinsson, 2016).

Additionally, a variety of factors that matter to perceptions of corruption go beyond levels of democracy and economic development. For example, people's perception of corruption could be affected by the quality of information, ideology, experience with corruption, and socioeconomic factors (van de Walle, 2008; Melgar et al., 2009; Bohn, 2012; Baier et al., 2016; Erlingsson & Kristinsson, 2016; Blais et al., 2017). Also, there is empirical evidence that party system characteristics decrease people's perception of corruption. Davis, Camp, & Coleman (2004) and Sharafutdinova (2010) claim that more polarization and competition in the party system could increase corruption perception because political competition promotes opposition parties to point out corruption problems.

In this paper, I explain how another party system characteristic–party system nationalization–affects both perceived and actual political corruption through incentivizing accountability.

Party System Nationalization, Accountability, and Perception of Corruption

I argue that party system nationalization affects how people perceive political corruption because it raises political accountability. Party system nationalization refers to how nationalized political parties are. When political parties get a similar number of votes from all the constituencies, political parties are nationalized (Jones & Mainwaring, 2003).[12] When most of the political parties that compete in the country are nationalized, the party system is nationalized (Bochsler, 2010). The nationalization of the party system has different implications for the political competition, as many researchers have already noted (Maggini & Emanuele, 2015; Simon, 2016; Morgenstern, 2017). I joint this literature to argue that party system nationalization affects perceived corruption through increasing accountability. I develop my argument in two parts.

Firstly, I argue that one of the effects of party system nationalization is the increase in accountability. Schedler (1999) defines accountability as the capacity of actors to ask for answers and punish bad behavior. It means that accountability has two main components: "answerability," which refers to the capacity to monitor and ask for a justification for politicians'

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[12] Morgenstern (2017) argues that is not just static nationalization that affects accountability, but the nationalization where citizens move in the same pattern every election (dynamic naitonalization).

actions, and "enforceability," the capacity of punishing politicians at the polls or with legal sanctions.[13] Party system nationalization promotes both answerability and enforceability in three ways.

First, party system nationalization produces politicians and parties that are more concerned with maintaining their party reputations. Because in highly nationalized party systems, political parties have higher public recognition,[14] they are more concerned about their national reputation (Maggini & Emanuele, 2015; Morgenstern, 2017; Bizzarro et al., 2018). Public recognition makes party leaders aware of the importance of their national reputations to keep their electorate in the next elections (Bizzarro et al., 2018). In the interest of cultivating their reputations, political parties seek to promote greater access to government information and freedom of information. This not only increases transparency about government policy decisions but also increases transparency during the process and procedures to reach those policies. Moreover, party leaders could promote the release of information about party members and help them to justify under their electorate (Ferejohn, 1999).[15] Support for transparency in process and law works as a signal to voters that the party and its politicians are "good" types, facilitating citizens to monitor politicians (Meijer, 2014). Thus, nationalized party systems increase answerability.

Second, party system nationalization affects accountability by raising the citizens' options to choose from. In a high nationalized party system, all political parties are known in all the constituencies. Even they do not get enough votes, all citizens know them. Uruguay is an example of this where most of the political parties compete in all the districts. In a low nationalized party system, there are few political parties known in all the country and many political parties that are unknown. Ecuador is an example of these systems where there are multiple local parties and a few parties competing in all the districts. In national systems, the chances of political alternation increase because citizens have more options to choose from (Schattschneider, 1960). This makes political parties in power more aware that they can be

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[13] Also, Schedler (1999) argues that these components can be present in different proportions, and the absence of one that does not mean lack of accountability. However, for most of the scholars accountability cannot exist without enforcement (Cheibub & Przeworski, 1999; Manin et al., 1999; Mainwaring, 2003; Bovens et al., 2014).

[14] The cases of Mexico and Uruguay are good examples than nationalizes party systems have public recognition. Almost all political parties in these countries are known by citizens. Conversely, in Argentina and Ecuador where there are many local political parties, citizens just know few of them.

[15] Bizzarro et al. (2018) argue that party leaders constraint members behavior by mechanism to select candidates and financing. Ferejohn (1999) argues that political parties could modify mechanisms to be more observable and attract more votes.

turned out in future elections, which drives their incentive to cultivate party reputations and answerability.

Finally, the party system nationalization matters for accountability because it strengthens elections as a tool for punishing politicians (Caramani, 2004; Morgenstern, 2017). As political parties in nationalized party systems get votes from all the constituencies, any corruption scandal could drive on losing votes from all the districts (Morgenstern, 2017).[16] Politicians could lose one electoral district, but not many electoral districts. Then, in national party systems, elections are a better tool to enforce good behavior and performance, increasing accountability.

Consequently, I argue that systems with greater accountability should enjoy lower levels of corruption perception. The main components of accountability are answerability and enforcement. The former is related to the public officials' obligation (political parties, rulers, incumbents) to inform and explain what they do (Schedler, 1999). Thus, we can infer that answerability turns on more available information that creates a feeling of governments being more responsible and increases transparency.[17] The latter refers to the capacity to punish (Schedler, 1999), which creates a feeling of empowerment. The capacity of punishing makes people more confident about the decision that politicians make. When people have more information about the government's actions and feel more confident, they will perceive a better government's performance (Morris, 2008; Weber Abramo, 2008; Klasnja et al., 2014) and less corruption.

In contrast, in countries with low party system nationalization, the perception of corruption should increase. In these systems, political parties will compete at the local level more than at the national level. Thus, the reputation of political parties is less transcendental because they compete in one region, and political scandals focus on few regions and do not reverberate in all the country (Bizzarro et al., 2018). Similarly, the likelihood of alternation of power diminishes because few political parties are known at the national level (Schattschneider, 1960), so the power of vote as a mechanism to choose better alternatives decreases. Also, political parties would lose votes in just a few constituencies, so the power of vote has a mechanism to punish decreases (Morgenstern, 2017). Then, accountability (answerability and enforcement) will be reduced. With the reduction of accountability, also transparency, and reliability will be reduced.

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[16] Even this characteristic is mainly related to dynamic nationalization, Morgenstern (2017) argues that static nationalization is needed for accountability as well as dynamic nationalization.

[17] A responsible government means a government that is prudent, integer, objective and impartial (Parker, 1976).

With less confidence in government decisions, people evaluate more critically the performance of government, increasing the perception of bad performance and more corruption (Wroe et al., 2013). If the argument above is true, I should observe that:

H1: Countries with greater party system nationalization will enjoy lower perceived levels of corruption.

H2: Countries with greater accountability will enjoy lower perceived levels of corruption.

Actual political corruption, accountability, and party system nationalization

Party system nationalization works to lower actual political corruption as well. In addition to the perception of corruption, I argue that answerability and enforcement also increase the cost of actual corruption.

On the one hand, answerability means that voters have more information about what politicians do. Also, answerability means that politicians are more prone to justify their actions (Schedler, 1999; Bovens et al., 2014). Thus, when voters have more information about the performance of politicians they choose, they are more likely to detect corrupt behavior and bad performance of the government, turning every corrupt behavior into a corruption scandal. On the other hand, enforcement means that citizens punish corrupt behavior by throwing the rascals out (Schedler, 1999). Thus, bad performance and corrupt behavior could be adequately punished, making every scandal a reason for throwing out "bad" politicians and electing "clean" ones.

Therefore, more answerability and more enforcement drive to higher cost of being corrupt. Every corrupt behavior could turn on a corrupt national scandal quickly that produces a change in the government. Every situation that affects parties' reputation or affects parties' perception of performance will be punished at the polls. Even so, every bad performance or a bad economic result could reverberate in all the country and causes that political parties lose the next elections.

In contrast, in countries with low party system nationalization, accountability is lower. As explained above, in countries with low party system nationalization reputation of political parties is less important, the likelihood of alternation in power diminishes, and the vote has less significance as a mechanism to punish and reward performance. Those characteristics drive on

less answerability and less enforcement. In countries where answerability is low, monitoring politicians is challenging. Those countries do not have mechanisms to force transparency, and politicians do not justify their actions. So, corrupt behavior has a low likelihood of being discovered. Moreover, because polls do not work as a mechanism to punish, "bad" politicians are not thrown out. Thus, because being corrupt does not have any political cost, more and more politicians involve themselves in corrupt transactions to increase their private gains. So, corruption increases. In other words, I expect:

H3: Countries with greater party system nationalization will enjoy lower actual political corruption.

H4: Countries with greater accountability will enjoy lower actual political corruption.

Data and Methodological Strategy

To test the links between party system nationalization and perceived and actual corruption, I use data from 18 Latin American countries between 1980 to 2018. I focus on Latin American countries for two reasons. Firstly, because all these countries have presidential systems, and share the same colonial heritage, factors that could affect actual perceived and actual political corruption (Treisman, 2000). Secondly, because the period between 1980 and 2018 is the most democratic one for Latin American countries, they focused on developing mechanisms to improve accountability (Mainwaring, 2003).

I analyze the nationalization of legislative elections in lower chambers, so my analysis is legislative period-based and not annual. Between 1980 and 2018, there were 179 legislative elections for the 18 Latin American countries. Because of the different electoral periods in the countries, the dataset is unbalanced. The countries with the most legislative elections were Argentina, Mexico, and Ecuador because of the middle-term elections; the countries with the fewest elections are Uruguay, Nicaragua, and Panama because the legislative periods are longer than in other countries (see Appendix 3.1). All the dependent variables, as well as the controls, were averaged for each legislative period.

The dependent variables are perceived and actual political corruption. To capture the level of perceived political corruption, I use the Bayesian Corruption Index developed by Standaert

(2015). This index is based on the Control of Corruption (CC) index developed by the World Bank, but it uses more resources to control external shocks that could affect corruption perception. Another characteristic is that the index has a broader period of coverage than other indexes, and it is comparable in all the years.[18] Figure 3.2 shows that even though the Latin American nations share cultural and historical traditions, they display significantly different values of perception of corruption. Among Latin American nations, Bayesian Corruption Index (BCI) varies between 22.11 and 74.12 (see Appendix 3.3). The countries with the highest perception of corruption are Paraguay and Venezuela.

Figure 3.2. Bayesian Corruption Index by Country. Legislative Periods 1980-2018
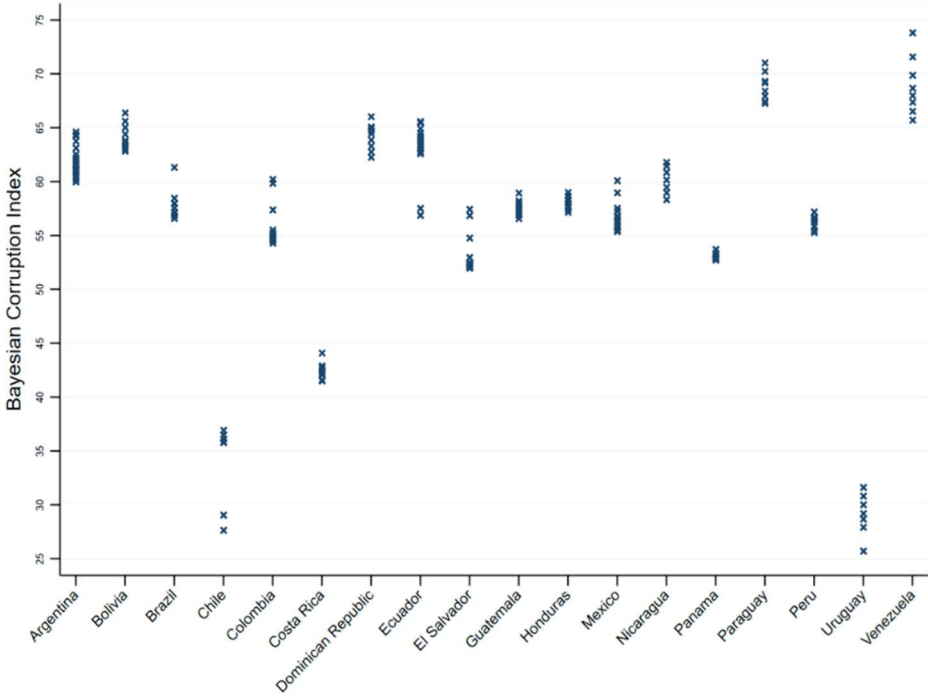
Source: Own elaboration based on Standaert (2015) database.

To measure actual political corruption, I use the political corruption index from the Varieties of Democracy (V-DEM) Database. Measure the levels of a criminal phenomenon is not easy

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[18] Conversely, Transparency International Index only covers since 1995, and faces problems to compare the measures between 1995 and 2000.

because they are hidden. That is the reason why most of the indexes of corruption are indexes of perception. However, perception and actual corruption are not the same because what people perceive is influenced by their own judgments and their own definition of corruption -it could include pork, clientelism, or lobby- (Gerring & Thacker, 2004; Weber Abramo, 2008; Maeda & Ziegfeld, 2015). That is the reason why most of the indexes use the perception of experts. The measure of V-DEM is more accurate because it asks respondents about specific problems: embezzlement, theft, and bribes in different branches of government (executive, legislative, and judicial), and aggregate this value in one index (Coppedge et al., 2020).

Figure 3.3. Political Corruption Index by Country. Legislative Periods 1980-2018
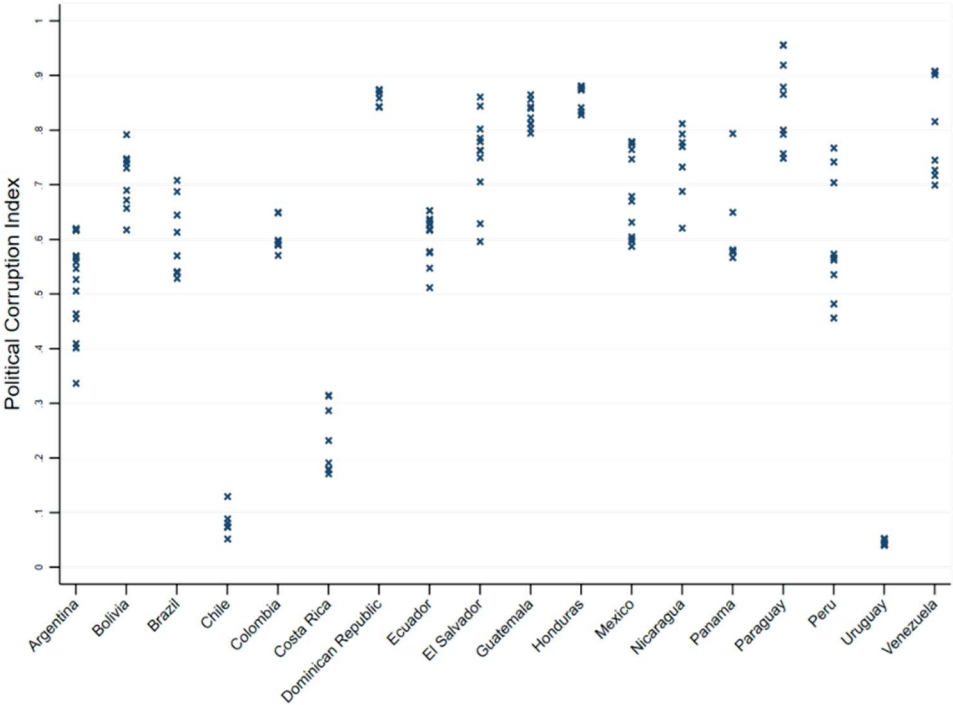
Source: Own elaboration based on Varieties of Democracy database.

For Latin American countries between 1980 and 2018, the index of actual political corruption varies between 0.039 to 0.956 (see Appendix 3.3), where 0 is low political corruption and 1 high political corruption. Figure 3.3 shows that Latin American countries experience different levels of actual political corruption during all the periods, with different within

variations. The most corrupt countries according to this index are Honduras, Dominica Republic, Paraguay, and Guatemala -on average-.

Bochsler's Index from Constitution Legislative Elections (CLEA) database captures the level of party system nationalization. CLEA develops for each election an index of how institutionalized the political parties are and aggregates this measure in one index of nationalization of party system per country. To make the aggregation, Bochsler (2010) weighted each political party by its size in each district, so Bochsler's Index is an aggregated indicator of the homogeneity of parties' support across one country (Kollman et al., 2018).

Figure 3.4. Party System Nationalization Score by Country. Legislative Periods 1980-2018
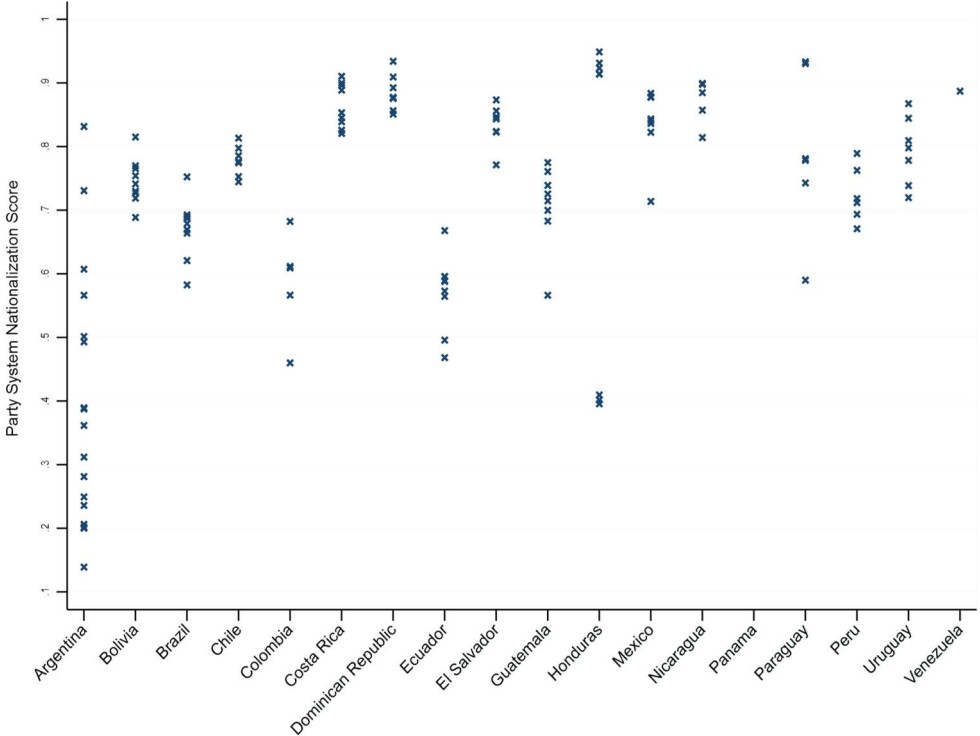
Source: Own elaboration based on the Constituency-Level Elections Archive.

Between 1980 and 2018, the values of Bochsler's Index varied from 0.15 to 0.95 (see Appendix 3.3), where 0 is low nationalization, and 1 is high nationalization. Figure 3.4 shows the values for Latin American countries in the period of analysis. On average, countries like the

Dominican Republic and Costa Rica have the highest values, and Argentina the lowest values of nationalization.

To measure accountability, I use the variable coded by Williams (2015). Accountability measures the extent to which information transparency drives to more answerability and enforcement to make politicians accountable (Williams, 2015). These variables take values between 0 and 100, where 0 means less accountability and 100 strong accountability (see Appendix 3.1). The problem with the use of these data is that it only covers from 1980 until 2010. Thus, the estimations using these variables will have fewer observations. The variable comprises three factors: free and independent media, fiscal transparency, and political constraints (Williams, 2015).

I use a cross-sectional time-series analysis to evaluate the relation between party system nationalization and perceived and actual political corruption. Longitudinal data have some advantages over other kinds of data because it allows controlling within and between variations. However, they also have some challenges because they suffer from classical cross-sectional problems (cross-sectional dependence, heteroscedasticity) and time-series problems (stationarity and autocorrelation). Moreover, because I use the information for each legislative period, the panel is unbalanced due to different electoral periods in each country.

Table 3.1. Augmented Dicky Fuller Test

Variable	Panel Means	Time Trend	P (χ^2)	Z (Inverse normal)
Bayesian Corruption Index	Included	Not included	33.8066	1.8481
Bayesian Corruption Index	Included	Included	311.6522***	-7.8192***
Political Corruption	Included	Not included	69.0001***	-1.6917**
Political Corruption	Included	Included	76.7495***	0.4797

Source: Own elaboration

Thus, I first run basic models with OLS and test for heteroscedasticity, cross-section dependence, stationarity, and autocorrelation of the errors. The Breusch-Pagan/Cook-Weisberg test evaluates the presence of heteroskedasticity. Under the null hypothesis of homoscedasticity, I find that the data has heteroscedasticity (p<.01), so I include a correction for it. Additionally, I use Pesaran's CD test to evaluate cross-section dependence (Pesaran, 2015). The test shows that the data are cross-section dependent, so I estimate models to correct for it. I also check for

stationarity and autocorrelation. The results for Dicky Fuller Augmented test, assuming a finite number of observations but an infinite number of periods, are shown in Table 3.1. According to it, I conclude that the data is stationary,[19] so I use the variables in the level form. Finally, the Wooldridge test for serial correlation in the residuals shows significant results (p<.01), so I include a correction for autocorrelation in the models.

I do not include country fixed effects in the models because I am most interested in variation across countries. The measures of corruption show low variation as well as most of the independent institutional variables (Clark & Linzer, 2015). However, I include year fixed effects in all the models to control by possible common effects.

I estimate two sets of models. In the first set, I use as a dependent variable the perception of corruption. The low within variation in the measures of perceived political corruption precludes to add any lag of it. Also, the Bayesian Corruption Index that I use as a measure of perception includes temporal dependence in its estimation (Standaert, 2015). Following Beck & Katz (2011), I estimate the models using three estimators: a random-effects model with clustered standard errors to correct by heteroscedasticity and autocorrelation; the Driscoll & Kraay (1998)'s estimator or SCC to control cross-sectional dependence, and Panel Corrected Standard Errors (PCSE) controlling by heteroscedasticity, autocorrelation, and cross-sectional dependence.[20]

The second set of models uses as dependent variable actual political corruption. Due to the time persistence of corruption in time, I include a lag of the dependent variable in all the models. According to Beck & Katz (2011), dynamic cross-sectional time-series models suffer from Nickel's bias. Thus, I estimate the following models: Cluster OLS to corrected by heteroscedasticity and autocorrelation, Panel Corrected Standard Errors (PCSE) to control by cross-sectional dependence, and Arellano & Bond's estimator. The last one is a GMM estimator, which uses the lag of the independent variables as instrumental variables to reduce the Nickel's bias.

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[19] The null hypothesis is that all panels have united roots. The evidence using two statistics (P and Z) shows that BCI with constant and trend is stationary, and Political Corruption with constant and not trend is stationary.
[20] All of these models take into account the cross-section time-series structure to capture standard errors.

Results: Perceived Corruption

I begin by examining the link between party system nationalization and the perception of corruption. Recall, I argue that party system nationalization affects perceived political corruption, which occurs through perceptions of government accountability. Before turning to the results, it is important to note that I include a series of control variables in these models, including political and economic.

Because democracy can matter for the perception of corruption, I include a measure for free and fair elections (Moreno, 2002; Bailey & Paras, 2006; Baier et al., 2016). I use Polity2 from V-Dem, which ranges from -10 (authoritarianism) to 10 (full democracy). The level of polarization also affects the levels of perceived corruption because, in more polarized countries, corruption is highlighted to increase the likelihood of win elections (Davis et al., 2004). This variable, which comes from the DPI database, takes three values: no polarization, low polarization, and high polarization. I add a dummy for each value in the model. Also, because the level of freedom in the press is a key factor that improves the mechanism of accountability (Adsera et al., 2003; Chang et al., 2010; Roca, 2010; Slomczynski & Shabad, 2012; Bågenholm, 2013), I include a control for it. The variable taken from the freedom house database takes three values: no free, partially free, and free; I add a dummy for each value.

Additionally, I include the level of development as a control. Economic development matters for the perception of corruption because low-income countries could perceive the bad performance of the government and, therefore, more corruption (Moreno, 2002; Maeda & Ziegfeld, 2015). I use the logarithm of the GDP per capita as a proxy of economic development.

Table 3.2 shows the results. Model 1 shows a negative and significant relationship between party system nationalization and the perception of corruption ($p<0.1$). Also, when I correct it by cross-sectional dependence in Models 2 and 3, the result is significant ($p<.05$). Going back to my argument, I find empirical evidence that party system nationalization helps to reduce the perception of corruption for Latin American countries.

Table 3.2. Relationship between Party System Nationalization and the Perception of Corruption

	DV: Perception of Corruption		
	Random Effects	**SCC**	**PCSE**
	(1)	**(2)**	**(3)**
PSN	-20.872***	-20.872**	-17.818***
	(7.33)	(8.70)	(3.55)
Democracy (Polity)	-1.605**	-1.605***	-1.219***
	(0.72)	(0.36)	(0.34)
GDP per capita (ln)	-6.351**	-6.351**	-4.704***
	(2.55)	(2.65)	(0.89)
1.Low Polarization	3.842	3.842**	0.295
	(2.53)	(1.50)	(1.19)
2.High Polarization	1.194	1.194	0.109
	(2.19)	(1.55)	(1.16)
2. Partially Free Press	0.536	0.536	-3.261
	(5.94)	(5.41)	(3.03)
3. Free Press	-6.423	-6.423	-7.707**
	(7.62)	(7.20)	(3.34)
Constant	135.506***	135.506***	120.847***
	(22.95)	(26.52)	(9.90)
Year Fixed Effects	Yes	Yes	Yes
Number of Observations	123	123	123
Number of groups	17.00	17.00	17.00
Minimum observations	1.00	1.00	1.00
Average observations	7.24	7.24	7.24
Maximum observations	17.00	17.00	17.00
R^2	NA	NA	0.97
χ^2	.	3342.04	124.23

Notes: Standard errors in parenthesis, p-value < 1% ***, p-value < 5% **,
p-value < 10% *
Source: Own elaboration

If the argument that links party system nationalization with the perception of corruption is valid, I should also find that accountability affects corruption perception, as outlined in Hypothesis 2. To test this link, I run a regression analysis between accountability and perception of political corruption. I use the same controls detailed above except freedom of the press

because it is included in the accountability variable.[21] Table 3.3 shows the results of the analysis. Model 1 shows that accountability helps to reduce the perception of corruption ($p<.01$). Even when I run the models using estimators for cross-sectional dependence (Models 2 and 3), the relationship between accountability and perception of corruption is negative and significant ($p<.05$). Empirical evidence shows that accountability also helps to reduce the perception of corruption.

Table 3.3. Relationship between Accountability and the Perception of Corruption

	DV: Perception of Corruption		
	Random Effects	**SCC**	**PCSE**
	(1)	**(2)**	**(3)**
Accountability	-0.554***	-0.554**	-0.149***
	(0.18)	(0.19)	(0.05)
Democracy (Polity)	0.550	0.550*	0.230*
	(0.47)	(0.27)	(0.13)
GDP per capita (ln)	-3.453	-3.453***	-0.855
	(2.89)	(0.88)	(0.63)
1.Low Polarization	3.035	3.035	0.142
	(2.90)	(2.56)	(0.63)
2.High Polarization	2.246	2.246	1.033
	(1.95)	(1.39)	(0.66)
Constant	115.455***	115.455***	71.387***
	(24.80)	(12.80)	(5.31)
Year Fixed Effects	Yes	Yes	Yes
Number of Observations	134	134	134
Number of groups	18.00	18.00	18.00
Minimum observations	4.00	NA	4.00
Average observations	7.44	NA	7.44
Maximum observations	14.00	NA	14.00
R^2	NA	NA	0.98
χ^2	.	615.86	52.75

Notes: Standard errors in parenthesis, p-value < 1% ***, p-value < 5% **, p-value < 10% *
Source: Own elaboration

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[21] I do not include freedom in the press because one of the components of accountability index is freedom of the press.

Additionally, I run a mediation analysis to show that accountability has a mediator effect between PSN and perceived and actual political corruption. Mediation analysis helps to identify casual effects between variables (Zhao et al., 2010). Following Mehmetoglu (2018), I use Zhao, Lynch & Chen's approach to evaluating the effect of party system nationalization and accountability on corruption perception.

Table 3.4. Mediation Analysis. Outcome: Perception of Corruption. Mediator: Accountability. Treatment: PSN

Effect	Mean	95% Confidence Interval	
Total Effect	-23.9955	-34.9355	-13.5087
Direct Effect	-19.5362	-31.4618	-9.44157
ACME	-4.45927	-9.05015	-0.71062
% ACME	0.188644	0.127643	0.330103

Source: Own elaboration

Table 3.4 shows that accountability has an average causal mediation effect (ACME) of -4.46, which represents the 18.9% of the total effect of PSN on the perception of corruption -confidence interval [12.8% - 33%]-. The effect of party system nationalization on perception of corruption, controlling by accountability, is significant ($p<0.01$), and also the Monte Carlo's Test ($p<0.06$) (see Appendix 3.4.1). Thus following Zhao, Lynch, & Chen's (2010) approach, accountability has a partial and complementary -with PSN- mediate the effect on perceived political corruption (Appendix 3.4.2 shows the analysis of sensibility). These results mean that party system nationalization affects the perception of corruption in two ways: directly or by other variables that are not being considered in this mechanism, and indirectly through accountability. Moreover, the effect of PSN and accountability are complementary, which means that both help to reduce the perception of corruption.

Results: Actual Political Corruption

Now I turn to the analysis of actual political corruption. I argue that party system nationalization affects actual political corruption that is mediated by accountability. I first test

the link between party system nationalization and actual political corruption, and then the effect of accountability on actual political corruption.

I use a series of controls that the literature has found relevant. First, I control for the level of democracy because fair and free elections, and predictability in the laws, affects the likelihood of citizens punishing corrupt politicians at the polls (Treisman, 2000; Montinola & Jackman, 2002; Lederman et al., 2005; Chang & Golden, 2010). Again, I use politiy2 as a proxy of democracy. I also add control for the type of list because it affects the clarity of responsibility and then the capacity of citizens to monitor politicians. From the DPI database, I coded when a country has a closed list or not. I also include the level of party system institutionalization as a control. Recent research has found that the party system institutionalization affects the clarity of responsibility and then actual political corruption (Schleiter & Voznaya, 2018). I use the average of parties as a proxy of party system nationalization, following previous literature (Mainwaring & Scully, 1995; Schleiter & Voznaya, 2018).

Additionally, I control for the level of economic development using the logarithm of de GDP per capita from the World Bank database. Low economic development creates incentives for people to engage in corrupt activities because low-income people have less quality of life that makes them engage in bribery or embezzlement (Treisman, 2000; Lederman et al., 2005).

Table 3.5 shows the results of the effect of party system nationalization and actual political corruption. In models 1 and 2, I do not find any relationship between party system nationalization and actual political corruption. However, model 3, which uses the Arellano-Bond estimator, shows that party system nationalization has a negative and significant effect on actual political corruption ($p<.05$). However, even model 3 correct Nickel's bias, it does no correct cross-sectional dependence between units. Thus, the empirical evidence does not show consistent results about the effect of party system nationalization on actual political corruption.

Because the impact of party system nationalization on actual political corruption runs through accountability, I evaluate whether accountability affects actual political corruption. These sets of models use the same controls explained before the level of democracy, list, average of party age, and level of economic development. Table 3.6 shows the results of these estimations. In models 1 and 2, I do not find any significant relationship. However, in model 3, I find that accountability has a positive and significant effect on actual political corruption ($p<.05$). The result in model 3 is impressive because it runs conversely to the argument state

before. Nevertheless, even though the Arellano-Bond estimator corrects Nickel's bias, it does not correct the problems with cross-sectional dependence that could cause mixed results. Empirical evidence about the role of accountability affecting actual political corruption is not strong.

Table 3.5. Relationship between PSN and Actual Political Corruption

	DV: Actual Political Corruption		
	Clustered SE	PCSE	Arellano-Bond
	(1)	(2)	(3)
Actual Corruption Lagged	0.911***	0.857***	0.223
	(0.06)	(0.04)	(0.16)
PSN	-0.014	-0.037	-0.055**
	(0.03)	(0.03)	(0.03)
Democracy (Polity)	-0.008	-0.011***	-0.020***
	(0.01)	(0.00)	(0.01)
Closed List	-0.005	-0.000	
	(0.01)	(0.01)	
GDP per capita (ln)	-0.009	-0.027**	-0.032
	(0.01)	(0.01)	(0.08)
Party Age (Average)	0.000	-0.000	0.000
	(0.00)	(0.00)	(0.00)
Constant	0.215	0.428***	0.801
	(0.21)	(0.15)	(0.58)
Year Fixed Effects	Yes	Yes	Yes
Number of Observations	115	115	90
Number of groups	NA	17.00	16.00
Minimum observations	NA	1.00	3.00
Average observations	NA	6.76	5.63
Maximum observations	NA	16.00	15.00
R^2	0.97	0.98	NA
χ^2	NA	8965.26	1126.59

Notes: Standard errors in parenthesis, p-value < 1% ***, p-value < 5% **, p-value < 10% *
Source: Own elaboration

To test for possible mediation effect between party system nationalization, accountability, and actual political corruption, I run a mediation analysis. Table 3.7 shows the results. The

average causal mediation effect (ACME) is -0.08 (42.8% of total effect). However, according to Zhao, Lynch, & Chen's (2010) approach, this effect is not significant. The effect of party system nationalization on political corruption, controlling by accountability, is not significant (p=0.592), also the Monte Carlo's Test is not significant (p=0.133) (see Appendix 3.4.1). Thus, I conclude that neither party system nationalization nor accountability affects actual political corruption, even though PSN does affect accountability.

Table 3.6. Relationship between Accountability and the Actual Political Corruption

	DV: Actual Political Corruption		
	Clustered SE	**PCSE**	**Arellano-Bond**
	(1)	**(2)**	**(3)**
Actual Corruption Lagged	0.904***	0.865***	0.245*
	(0.05)	(0.03)	(0.14)
Accountability	-0.001	-0.001	0.002**
	(0.00)	(0.00)	(0.00)
Democracy (Polity)	-0.003	-0.004	-0.017***
	(0.00)	(0.00)	(0.00)
Closed List	0.003	0.015	
	(0.01)	(0.01)	
GDP per capita (ln)	-0.008	-0.017*	-0.036
	(0.01)	(0.01)	(0.07)
Party Age (Average)	0.000	-0.000	0.000
	(0.00)	(0.00)	(0.00)
Constant	0.221	0.299***	0.793
	(0.17)	(0.11)	(0.62)
Year Fixed Effects	Yes	Yes	Yes
Number of Observations	119	119	100
Number of groups	NA	18.00	18.00
Minimum observations	NA	4.00	2.00
Average observations	NA	6.61	5.56
Maximum observations	NA	13.00	12.00
R^2	0.96	0.98	NA
χ^2	NA	9698.15	288.69

Notes: Standard errors in parenthesis, p-value < 1% ***, p-value < 5% **, p-value < 10% *
Source: Own elaboration

These contrasting findings may be explained by party linkages. Previous literature has argued that the linkages -programmatic or clientelistic- shape the relationship between accountability and actual political corruption, reducing enforcement (Powell & Whitten, 1993; Kitschelt & Wilkinson, 2007; Manzetti & Wilson, 2007). Thus, clientelistic linkages work like a hook that keeps citizens tie to corrupt politicians and do not throw it out. Moreover, Rodriguez-Garcia (2020) finds empirical support for this claim. Using mediation analysis, she finds that party linkages are a key variable that mediates between PSN and actual political corruption. As more nationalized party systems increase accountability and programmatic linkages, political corruption decrease; but programmatic linkages are the variable that helps to decrease actual political corruption.

Table 3.7. Mediation Analysis. Outcome: Actual Political Corruption. Mediator: Accountability. Treatment: PSN

Effect	Mean	95% Confidence Interval	
Total Effect	-0.14545	-0.38292	0.12024
Direct Effect	-0.06983	-0.3205	0.221975
ACME	-0.07563	-0.19993	-0.00356
% ACME	0.428589	-4.29735	2.282569

Source: Own elaboration

Conclusion

The evidence showed in this paper suggests that studies on corruption should be careful to use the perception of corruption indexes as proxies of actual corruption. Because the perception of corruption does not capture all the variation on actual corruption (Rose & Mishler, 2007; Weber Abramo, 2008), previous findings in the literature have presented contradictory results.

In this paper, I found that increasing accountability leads to a lower perception of corruption but not to lower corrupt behavior. While party system nationalization affects the perception of corruption, it does not have any effect on actual political corruption. The empirical evidence suggested that party system nationalization affects the perception of corruption through the accountability mechanism, but other mechanisms affect the relationship between the two variables. Examples of those mechanisms could be programmatic linkages (Rodriguez-Garcia,

2020). However, because party system nationalization could affect the selection of candidates and the distribution of power inside political parties, other mechanisms should be studied in future research.

Also, for the study of the perception of corruption, individual data is relevant. More empirical research that considers individual perception, as well as institutional design inside countries, could help to understand the perception of corruption. Future research should consider the use of individual data to make comparative analysis in different countries.

The empirical evidence also suggests that party system nationalization does not have any effect on actual political corruption. However, it could be the case that even party system nationalization affects accountability, other factors reduce the effect of accountability on actual political behavior. For example, linkages between political parties and citizens could decrease enforcement, and thereby the effect of accountability in controlling corrupt behavior (Powell & Whitten, 1993; Kitschelt & Wilkinson, 2007; Manzetti & Wilson, 2007; Rodriguez-Garcia, 2020).

Risk of Corruption in Latin American Political Parties. A new measure

Abstract: Research examining the impact of economic, social, and political factors on political corruption tests their arguments using measures of corruption perception. Scholars argue that the perception of corruption is a good proxy for actual corruption because data on actual corruption is limited and not entirely trustworthy. However, its use does not allow one to test arguments to separate mechanisms driving citizen perceptions of corruption from actual levels of corruption. To resolve this issue, I introduce a new index to measure the risk of political corruption in Latin America. The index uses information about the national party system and individual internal party organizations to measure the likelihood of engaging in corrupt activities. Instead of trying to measure corrupt activities or perception directly, this index measures how norms and regulations for political parties create opportunities to engage in corruption. Even though electoral rules shape the competition between politicians, laws, and regulations about political parties also shape the incentives for bad behavior. The new measure has important implications for academics and practitioners in anti-corruption issues. First, it allows us to test arguments about the role of political parties and legislatures in reducing political corruption. Second, it helps us to understand how political parties could improve their internal organization to decrease the risk of corrupt activities. Finally, it is a useful instrument for cross-national studies in diverse fields that study political parties.

Introduction

Measuring corruption is not easy because it involves illegal activities that are not directly observable. Scholars have thus deployed a variety of tactics to capture corruption rather than direct measures. The first studies that examined corruption used indexes capturing citizens' perception of corruption, with the most widely used being the Corruption Perception Index (CPI), Control of Corruption (CC), and International Country Risk Guide (ICRG). These indexes have been useful for testing arguments about the causes of corruption across countries (Treisman, 2000; Gerring & Thacker, 2004, 2005; Kunicová & Rose-Ackerman, 2005; Chang & Golden, 2007; Schleiter & Voznaya, 2014, 2018). However, how people perceive corruption could be affected by different factors that are not related to corruption (van de Walle, 2008; Melgar et al., 2010). Moreover, the sense of corruption could persist in time, even if actual corruption has changed (Standaert, 2015).

Given these potential drawbacks, researchers have looked for additional, novel ways to capture corruption. Surveys of corruption experience, judicial records, and corruption scandals were deployed (Manzetti & Wilson, 2007; Fan et al., 2009; Kaufmann & Vicente, 2011; Charron & Bågenholm, 2016; Chang & Kerr, 2016; Ecker et al., 2016). The use of experiments to test the individual characteristics that could affect corrupt behavior has been a new branch of the research. The primary use of such measures is to study the specific contexts where or when corruption occurs, rather than studying the causes of corruption in general (Azfar & Nelson, 2007; Olken, 2007; Peisakhin, 2012).

In recent years, scholars have turned to measure what they call the "risk of corruption." The calculus of the risk of corruption was born as an initiative to measure the risk of bribery in corporations and public procurement contracts. The risk of corruption measures the likelihood of a contract could have incentives and opportunities to become corrupt (Fazekas et al., 2016). It is useful to see areas in which corruption is possible and fix the problems with new regulations. Moreover, this does not require information about cases of corruption but information about norms and regulations in a specific area or contract.

This paper builds on this literature by setting out an index of the risk of political party corruption. Analyzing the legislation about political parties in each country and political party manifestos and statutes, I propose two measures of risk: risk of corruption at the party system and risk of corruption inside political parties. Although the index focuses on Latin American

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countries, it could be used to measure the risk of corruption in other contexts. This measure has two key advantages over other measures used before to capture corruption. First, the risk of corruption does not depend on subjective perceptions. It is an objective measure based on objective parameters that identify when a situation is prone to corruption. Second, identifying the risk of corruption is not an attempt to point out that an organization is corrupt; instead, the index of risk tries to identify the areas inside political parties that are prone to risk and help them to fix those areas. Currently, no index tries to measure corruption in political parties. My index tries to address this gap by identifying the risk factors and giving recommendations to political parties to improve their practices and reduce the risks of corruption inside their organizations.

In the following sections, I first review the literature about measures of corruption in terms of their advantages and usefulness. After that, I define what I mean by the risk of corruption in political parties and how I divide it between the risk of corruption at the system level and the risk of corruption at the party level. In the third section, I show how I develop the index, the source of information, and the methodology. Finally, I show the results of the index for 85 political parties in Latin America and make some comparisons with other indexes at the system level.

Measures of political corruption

The extensive literature about corruption can be divided into two categories: research about the causes of corruption and research about other behavior related to corruption such as corruption tolerance, accountability (voting behavior), and control of corruption. Each of these types of research has particular needs regarding the measures of corruption most useful to them.

Research about the causes of corruption relies on the perception of corruption indexes because these indexes have high coverage and can be compiled across longer periods. Perception indexes are aggregated opinions of citizens, public servants, entrepreneurs, and experts, compiled by different surveys and combined in one index (Gingerich, 2013).[22] Even though the perception indexes have coverage advantages compared to other measures of

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[22] According to Treisman (2007), those indexes are "polls of polls".

corruption, researchers have argued that they could be biased and do not show the truth about how widespread corruption is (Treisman, 2007; Gingerich, 2013; Feres & Penha Cysne, 2016). For example, scholars question whether the respondents could differentiate between corruption, pork-barreling, lobbying, and clientelism. These are different phenomena but are all related to political corruption (Gerring & Thacker, 2004; Schleiter & Voznaya, 2014). Similarly, we could expect that the citizens' opinions are based on cultural differences that affect their perceptions of corruption, such as the levels of cynicism, social injustice, economic inequality, social trust, government acceptance, and media reporting (Seligson, 2002; Treisman, 2007). However, despite these problems, perception does matter because what citizens think about corruption affects their voting behavior and the use of public services; also, what investors think about corruption may affect their investments in a country (Charron, 2011). The most cited measures are the Corruption Perception Index released by Transparency International, the Control of Corruption Index from the World Bank, and the International Country Risk Guide proposed by the Political Risk Service Group.

Surveys of corruption experiences have also become popular in corruption research because they are a way to capture individual characteristics (gender, age, socioeconomic status, ideas) that affect people's incentives to engage in corrupt activities. Diagnostic surveys aim to capture the citizen experience with public corruption, which means that the surveys ask citizens about experiences (own or related) with corruption in the public sector (Treisman, 2007; Goel et al., 2016). However, in the beginning, the surveys only cover a few countries, making it difficult to compare different nations. Their extensive use in recent years has been led by international organizations like Transparency International, which aims to improve the frequency and coverage of those surveys. Global Corruption Barometer is a noteworthy example of that.[23] The main disadvantage of this approach is potential bias. Scholars argue that in this kind of survey, few citizens respond with total honesty about their experiences–due to selective memory or fear of authorities (Treisman, 2007). Also, experience surveys only measure bribery and no other corrupt behavior like embezzlement, thus underestimating the frequency and impact of corrupt activities.

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[23] The Global Corruption Barometer is an initiative of Transparency International that started in 2003 to survey citizens about their experience and views with corruption. The last release was in 2019 for Latin American countries.

Both perception and experience surveys of corruption have more extensive coverage than other indexes because it is much easier to get information in different countries annually. Statistical procedures that make surveys comparable across different countries and over time allow for increasing coverage. Also, the use of those measures does not have any potential harm to subjects due to the fact that the surveys are anonymous (Gingerich, 2013).

Research about other behavior related to corruption tends to use more objective measures of corruption, as it is focused on understanding citizen motivations for punishing corrupt politicians for engaging in corruption activities. Some measures include judicial records, scandals, and experiments (Fisman & Gatti, 2002b; Golden, 2003; Olken, 2007; Chang et al., 2010; Balán, 2011; Yadav, 2011; Bågenholm, 2013; Charron & Bågenholm, 2016). However, these measures tend to suffer from low coverage and are difficult to compare across countries.

For example, judicial records depend on the effectiveness of the judicial system. As such effectiveness varies between countries, it is not possible to compare the results because the observed changes in the levels of corrupt reports could depend on the levels of corruption or the levels of effectiveness. Unlike judicial records, news scandals do not depend on the effectiveness of the judicial system, but they depend on the objectivity of the press (Seligson, 2002). Seligson (2002) argues that scandals could be a product of the motivations of the press to increase circulation or weaken a candidate. This also highlights another difference between judicial records and scandals: while the latter could be prosecuted or not, a judicial record is a confirmed case of corruption. Consequently, studies that use judicial records could underestimate the levels of corruption, while measures that use scandals could overestimate the levels of corruption.

Researchers have also used experiments to understand both individual causes that increase corruption and behavior related to corruption (Olken, 2007; Peisakhin, 2012). Experiments in the laboratory or the field have played a key role in contributing to our understanding of individual characteristics that promote corruption. Experiments focus more on individual characteristics that motivate or incentivize people's corrupt behavior like gender, age, education, job, but they could include people's perceptions like satisfaction with government or democracy. The use of experiments is expensive and could have ethical problems besides the external validation problem (Olken, 2007, 2009).

Most recently, literature has focused on the risk of corruption indexes. The risk of corruption is another approach to actual corruption that tries to evaluate the possibility that corrupt activities occur (Fazekas et al., 2016; Charron et al., 2017). This approach does not seek to understand the causes of corruption directly or the causes of behavior related to corruption but seeks to understand what situation is most likely to be corrupted. Evaluation of the risk of corruption is widely used in private organizations and public procurement contracts (Petkov, 2018).

As for private organizations, Transparency International initiatives have promoted tools to curb corruption. One of those tools is evaluating the risk of bribery inside organizations. This initiative aims to identify which part of the process inside the organization or process is susceptible to bribery (Transparency International, 2013). Once the evaluation is made and the risk is identified, the organization could make reforms and change the process to reduce those risks. Also, evaluation of risk is being used in public procurement contracts. The goal of evaluating risk in public contracts is to identify what makes a public contract more susceptible to corruption than others (Fazekas et al., 2016). Fazekas et al. (2016) argue that a contract is more likely to be corrupt if there is only one bidder in the process, so they use a red flag methodology to determine this likelihood.

While the risk of corruption in public contracts could be comparable between countries, there is no dataset to compare the risk of corruption inside organizations. Following this literature about the risk of corruption, the next section shows a new index to measure the risk of corruption inside one public organization: the political party.

Measuring the Risk of Political Corruption

The traditional definition of political corruption refers to the abuse of political power for private gain. Yadav (2011) clarifies this by adding that political corruption can include money as well as trading influences or granting favors. Her definition points out that political parties do not only engage in corrupt activities to gain more money but also to gain more political power. Corrupt activities related to political parties, therefore, include illegal campaign financings, passing legislation, and nepotism as well as bribery and embezzlement for the leaders (dos Santos & da Costa, 2014).

Another key characteristic of political parties is that corrupt activities inside them have two-time frames: during election campaigns and after election campaigns. Any index that involves political parties should include information about the two moments. During election campaigns, political parties could become involved in corrupt activities like illegal campaign financing, receiving funding by supporting some policies that affect most citizens, or offering jobs by votes. Once elections are held, political parties are less prominent, and their members in the government are more important than the party. They could engage in corrupt activities by receiving money in exchange for influence in policy or giving public contracts.

Finally, political parties' behavior is shaped by the party legislation inside each country. Party laws, party funding, and lobby regulation are laws that affect the internal party organizations. Therefore, the index of risk should take into account the internal party organization, but also the regulations at the country level that shape the political party's organization.

In this section, I explain how the risk of corruption in political parties occurs at two levels: at the level of the party system and at the level of the party itself. These two levels are the basis of the risk of corruption index and integrated the different ways to engage in corrupt activities during and after election campaigns: bribery, trade of influence, embezzlement, and nepotism.

Risk of corruption at the party system level

If party laws give incentives or opportunities to corrupt activities, political parties could be involved in more corrupt activities than in systems with fewer opportunities. I propose a party system-level indicator that captures how party system legislation (party, funding, lobby laws at the county level) reduces the risk of engaging in corrupt activities. At this level, I have identified five resources of risk: funding risk, electoral misconduct risk, lack of transparency risk, conflict of interest risk, and dependence of electoral management body (EMB) risk.

Funding risk is related to how political parties fund their activities during and after electoral campaigns (Transparency International, 2014). International organizations like Transparency International and the Institute for Democracy and Electoral Assistance (IDEA) have found that the lack of public party funding increases the risk of corruption. The reason behind this is because private interest can use private financing as an opportunity to influence the policy agenda, legislation or get public contracts (Lopez et al., 2017; Andía & Hamada, 2019; Hummel

et al., 2019). To reduce the risk of engaging in corruption, both the electoral campaigns as well as the day-to-day functioning of the political party should be funded with public resources. Even though political parties fund their everyday activities with members' fees, those fees are not enough to finance all the party activities, causing that party leaders and members engage in corrupt activities to get more money. The lack of public funding is not the only source of funding risk. IDEA (2012) points out that bans and limits during the campaign period are other critical factors to prevent the traffic of influences. Particularly, norms that ban and limit spending during campaigns and donations and make political parties more transparent reduce the risk to engage in those corrupt activities.

According to Yadav (2011) and Transparency International (2014), political corruption involves different activities like electoral fraud, voter coercion, embezzlement, and bribes. The prevalence of those types of corruption depends not only on anticorruption regulations but on each context. Laws that prevent and punish vote-buying, electoral fraud, voter coercion, voter registration are necessary to control corruption. Otherwise, political parties could use those activities to gain money or political power. Thus, the risk of corruption will be higher when a country does not have regulations to punish electoral misconduct associated with political corruption, as well as if a country does not have any anticorruption law. Most of these activities happen during campaign elections but anticorruption laws are necessary both during and after campaigns.

The lack of transparency also affects the risk of corruption. Scholars argue that more transparency increases the likelihood of discovering and punishing corrupt politicians (Bac, 2001; Peschard, 2005; Kolstad & Wiig, 2009). Political parties are affected by the access to information law that shapes how citizens could get information from public servants. Information laws are laws that regulate the information that citizens can access. Before regulation laws, public servants could deny the information to citizens. However, after those laws, citizens could access different information about the performance, structure, and decisions that public servants make. In this way, countries with access to information laws are more transparent and have more information about government behavior, reducing corruption.

Another risk identified relates to due to the laws that regulate lobbying and potential conflicts of interest. After elections are over, political parties have members in the legislative and the executive branch that are tied to political parties' platforms. Those platforms should

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represent the interest of the political parties' members and not only one part of the electorate. The lack of regulation of lobbying and conflict of interest can lead politicians to use their political power for personal financial gain (dos Santos & da Costa, 2014). Then, countries with laws that regulate lobbying and conflict of interest decrease the risk of corruption in political parties, making them more transparent about who does lobby or who is affected by their interests.

Finally, the role of the electoral management body (EMB) is vital to curbing corruption. EMB is the entity responsible for organizing elections and controlling electoral misconduct (Catt et al., 2015). When the EMB is not independent, it could be captured by particular interests that mislead their objectives, allowing for fraud, bribery, and coercion. Similar to the laws that control and punish electoral malfeasances, the independence of the EMB helps to determine when a candidate, politician, or political party engages in corrupt activities and to punish them for that. The independence of the EMB helps to reduce the risk of corruption in the political party system (OECD, 2016).

Risk of corruption inside political parties

The second level of risk of corruption is the political party level. Some political parties are more transparent than others and develop mechanisms to prevent their politicians and members from corrupt activities using party rules and regulations. The variation in rules and regulations gives politicians different incentives and opportunities to engage in corrupt behavior. Thus, the political party level indicators capture the variation in the internal party organization that affects the risk of corruption. At this level, I have identified four risks: lack of transparency risk, selection of party leaders' risk, selection of candidates' risk, and lack of commitment risk.

As noted, transparency helps to reduce corruption because it increases the likelihood of discovering corrupt activities (Bac, 2001; Peschard, 2005; Kolstad & Wiig, 2009; Cordis & Warren, 2014). If citizens have access to information about finances and internal party organization, they could better judge the performance of each political party. Also, transparency increases responsiveness and accountability, and they make difficult to hide illegal activities as corruption (Peschard, 2005; Ackerman & Sandoval-Ballesteros, 2006). Thus, political parties that highlight the importance of disclosing information, even if there is not a mandatory rule, will decrease the likelihood of engagement in corrupt activities.

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Another source of risk is the selection of party leaders. Selecting party leaders is one of the essential characteristics of the internal party organization (Scarrow, 2005; Kenig, 2009). Analyzing the selection process shows the degree of democracy and transparency inside a political party (Kenig, 2009). According to the information from political parties' statutes, most of them are organized in three levels -local, regional, and national. Each of these levels has two central bodies: party assembly and executive committee. While the party assembly is organized by delegates elected at regional levels and decides the most important characteristics of the party, the executive committee takes the day-to-day decisions. It means that the most important decisions inside a political party go through the executive committee, which is led by the president of the party. Then, selecting the executive committee and the president determines if the political party could be coopted or influenced by external forces. To reduce the risk of being coopted, political parties must have transparent and democratic procedures to choose their leaders (Transparency International, 2012). If all the members vote for the party leaders, and the process to select the members is clear, the likelihood of being influenced by external forces will be reduced. The code of good practices in political parties highlights the importance of having democratic procedures to choose party leaders (European Commission for Democracy Through Law, 2009).

Similar to the mechanism of choosing leaders, selecting candidates is the other key feature of the internal party organization (Lundell, 2004; Scarrow, 2005). However, for selecting candidates, internal democracy is not the most important aspect but the control that political parties have over their representatives in the government -legislative and executive branch- (Hazan & Rahat, 2010). To reduce the opportunities and incentives for corrupt behavior, political parties should have control over the activities of their members in the government. That control should be reflected in the mechanism of choosing candidates. If they do not have control over their representatives, they could be co-opted by outside interests.

Finally, some political parties argue that they are committed to anti-corruption problems, but they do not develop platforms to mitigate corruption. Political parties with anticorruption commitment mean political parties with tools to punish corruption inside them, with independent or external watchdogs to control their finances, and with agendas to develop policies to reduce corruption problems.

Methodology and derivation of the index

Based on the main components above, it is possible to build separate indicators for party system risk and political party corruption risk. In this section, I show a way of measuring each of the risks identified in the above section and the methodology to aggregate each of these variables to derivate the index.

<u>Party System Level Component</u>

Table 4.1 summarizes the risks and the variables for system-level analysis. As Table 4.1 shows, there are five potential weaknesses in party systems that can make them more or less prone to risk. Each risk carries the same weight inside the index, but they have different variables. I explain the variables for each of the risks below (see Appendix 4.1).

Table 4.1. ROC variables at the Party System Level

Risk	Number of Variables	Max Value	Min Value	Weight
Funding	45	45	0	20%
Electoral Misconduct	6	10	0	20%
Lack of Transparency	1	15	0	20%
Conflict of Interest	5	5	0	20%
EMB Dependence	5	5	0	20%

Source: Own elaboration

To measure the funding risk at the party system level, I use the information recompiled by the International Institute for Electoral Democracy and Electoral Assistance (IDEA). The Political Finance database compiled party laws and party funding laws in different countries around the World (IDEA, 2012). They measure four categories: bans and limits, public funding, regulation of spending, and report and oversight with 63 variables. I take 45 of those variables to calculate the index of risk of funding (see Appendix 4.1). These variables are yes or no questions that I coded as 1 or 0.

For electoral misconduct risk, I use information from the Global Antibribery and Anticorruption Laws web page. I take two variables that are yes or no questions about the Antibribery and Anticorruption law W in each country. When I did not find any information on the web page, I checked specific web pages for each country to be sure the country does not

have any law. I also use two categories from the Electoral Justice Database by IDEA: challenges related to campaign financing and electoral-related criminal offenses. From these categories, I take four variables. One of them is a yes or no question that I coded as 1 or 0. Other two variables have different categories that I coded with different values according to less risk of corruption; the maximum value for these variables is 1. The last variable is the number of actions considered as electoral misconduct by the law. I coded this variable counting the number of actions -maximum 5- where more actions mean less risk (see Appendix 4.1).

To measure the lack of transparency risk, I check for each country the current freedom of information law. Then, I use the Global Right to Information Rating made by the Center for Law and Democracy. The Global Rating (RTI) assesses the legal framework's strength for guaranteeing the right to information using the freedom of information laws. This index has seven variables that score 150 points: right to access, scope, requesting procedures, exceptions and refusals, appeals, sanctions and protections, and promotional measures. The index does not measure the quality of implementation of the law. I standardize the index to 15 points, where more points mean less risk (see Appendix 4.1).

The conflict of interest risk was measured by checking the lobby, conflict of interest, and party laws for each country. I take as reference the laws on the web page of the Electoral Management Body (EMB) for each country.[24] First, I check if the country has any lobby law or conflict of interest, then I check in the party law if political parties' leaders, candidates, or legislators should declare their interests. Sometimes, when I find another related law or decree that regulates conflict of interests, I include this special law in the analysis. With this information, I create five yes or no variables that compose the conflict of interest risk (see Appendix 4.1).

Finally, to determine the degree of independence of the EMB in each country, I use two resources of information: the EMB web page for each country and the Electoral Management Design Database by IDEA. From the web pages, I take three variables, and from the Electoral Management Design Database, I take two variables. To code the five variables, I follow Cukierman, Webb, & Neyapti (1992) and develop a measure of the independence of the EMB

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[24] With the exception of Nicaragua that does not have an active web page. Because of that, the score of this resource for Nicaragua is zero.

(see Appendix 4.1). When a country has two EMB with different responsibilities, I average each measure to get one value.

Political Party Level Component

Table 4.2 shows the indicators used to capture the four risks identified inside the political parties. Each of the risks has the same weight. The specific variables are summarized in Appendix 4.2.

Table 4.2. Variables ROC at the Political Parties Level

Risk	Number of Variables	Max Value	Min Value	Weight
Lack of Transparency	5	5	0	25%
Leaders Selection Process	2	4	0	25%
Candidate Selection Process	3	4	0	25%
Lack of commitment	2	2	0	25%

Source: Own elaboration

The lack of transparency risk is calculated using information about the web page of each political party. I only focus on the information posted on the web pages because the best way to keep in contact with citizens and disclosure information is through the internet. Political parties should have active web pages where they not only have information about party manifestos and engagement but information about their financial reports, contact to their leaders, and conflict of interest details. With this information, I create five variables that together constitute the risk of lack of transparency (see Appendix 4.2).

To capture the risk of selection party leaders, I use the information about the party statutes. I use the party statutes posted on the web page of each political party. If the party does not have information on its web page or it does not have an active web page, I use the information compiled by the Project of Policy Reforms in Latin America.[25] With the information about the selection of leader's process, I code two variables that score 4 points. One variable measures the degree of clarity in the process; the other measures the degree of democratization in the process (see Appendix 4.2).

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[25] This is a project leaded by the Institute of Legal Research, National Autonomous University of Mexico.

Similarly, the candidate selection risk uses information about the party statutes. With this information, I build three variables that score four: 1.The clarity in the process. 2.Control over the nomination. 3.The democratization of the process. As I have explained above, the mechanism to select candidates not only should be democratic, but leaders need some control over the nomination to reduce the risk of corruption. I have coded the variables considering these characteristics (see Appendix 4.2).

Finally, the commitment risk also uses the party statutes, manifestos, and principles. I code two variables related to anticorruption commitment: the first variable analyzes if political parties have an anti-corruption commitment by manifesting how they combat corruption problems and punish corrupt members. The second variable assesses whether a political party has an extra figure to control and oversight finances during and after electoral campaigns. These are yes or no variables that take values of 1 or 0 (see Appendix 4.2).

I coded 18 Latin American party systems and 85 political parties within these countries. The countries where I was able to construct both party system and political party level data include Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, and Uruguay. For Nicaragua and Venezuela, I just include information at the party system level because the first one does not have a current EMB web page to know the political parties or laws that regulate the competition. Also, the second one does not have clarity about the political parties that compose its congress. For the rest of the countries, I have complete information about their laws and political parties.[26]

At the party level, I was able to collect data on 85 different parties. I examine political parties that have at least one seat in the low chamber of Congress. I assume that political parties with representation in Congress are actively participating in politics. Even if a political party runs in the last elections, it could lose its position as a political party, so information about the party is not trustworthy. Also, for this iteration, I include the political parties with the biggest number of seats and political parties with the fewer number of seats. Depending on the number of parties in the legislature, I choose between ten to two political parties per country. Appendix 4.3 shows the political parties I choose for each country. I differentiate the political parties

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[26] The most challenging case was Argentina because the high polarization in the country divides the Congress between two coalitions that blurred the differences between political parties.

between big and small parties because some differences in the risk of corruption could have to do with differences in the number of seats.[27]

Finally, I measure each system and each party once per legislative period. As political parties have different cycles in each election, it is usual that they change their manifestos, platforms, and statutes for each electoral period. Also, the regulations about their members in the government are only valid for each electoral period. Appendix 4.4 shows the legislative periods analyzed for all the countries. Since I observe the political parties in the first semester of 2020, I take as reference the last electoral period.

Aggregation

One of the biggest challenges proposing a new index is the aggregation issue. I propose a simple aggregation rule: sum all the variables for each risk and then weight each risk by 20% at the party system risk and 25% at the political party risk. Let me explain.

For example, I have identified five risks at the party system level, so each risk weights 20%. According to table 1, funding risk has 45 variables. I sum up the score of these variables, and then I weight this score by 20%. If a country sum 40 points, I weigh this score by 20%. Similarly, EMB risk scores 5, and I weight this score by 20%. It means that I use equal weights for each risk because I do not have any evidence that one risk affects more political corruption.

In the end, I have an aggregate index of the risk of corruption. The index could be separated in each of the risks described above and could be weighted differently depending on future research about the topic.

Descriptive Statistics

Table 4.3 shows the descriptive statistics for the Risk of Corruption in Latin American countries. Venezuela is the country with the most risk of corruption at the system level, followed by El Salvador and Nicaragua. Mexico, Chile, and Brazil are the countries with less corruption. However, there is a difference between the risk of corruption at the system level and the risk of corruption at the party level. At the party level, the countries with the most risks

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[27] The number of seats in the legislature is a proxy of how much the political party is nationalized in a country. I do not calculate an index of nationalization, but seats in the legislature is a good proxy of it.

of corruption are Bolivia, Ecuador, and Peru; and the countries with less risk are Chile, Uruguay, and Colombia. These results show that even though party laws shape the competition between political parties, each political party has rules that help them prevent corruption. Moreover, countries with a high risk of corruption at the system level do not necessarily have a high risk of corruption at the party level. Thus, analyzing the organization inside political parties is essential to understand political corruption.

Table 4.3. Descriptive Statistics of Risk of Corruption

Country	ROC System	Average ROC Parties	SD ROC Parties	Min ROC Parties	Max ROC Parties	No. Parties
Venezuela	66.02	-	-	-	-	-
El Salvador	64.59	60.00	19.95	33.33	78.33	4
Nicaragua	57.69	-	-	-	-	-
Uruguay	55.38	57.08	3.70	53.33	61.67	4
Bolivia	52.66	83.34	9.43	76.67	90.00	2
Dominican Republic	51.06	73.33	8.63	63.33	85.00	6
Costa Rica	48.05	65.00	18.15	46.67	90.00	4
Ecuador	47.00	79.44	14.89	60.00	95.00	6
Argentina	46.31	69.70	17.45	41.67	91.67	11
Honduras	46.22	75.42	20.02	55.00	95.00	4
Paraguay	38.81	72.09	15.12	53.33	86.67	4
Guatemala	37.88	76.67	17.64	63.33	96.67	3
Colombia	36.78	57.50	14.93	31.67	73.33	8
Peru	34.78	77.92	10.13	66.67	90.00	4
Panama	31.72	68.34	18.86	55.00	81.67	2
Brazil	29.94	74.50	10.40	55.00	90.00	10
Chile	29.66	47.59	9.72	38.33	65.00	9
Mexico	18.94	62.92	17.23	46.67	86.67	4

Source: Own elaboration

Figure 4.1 highlights one characteristic that could affect that variation: the number of seats inside the legislature. A t-test for contrasting political parties with a great number of seats and political parties with just one or two seats shows some evidence that greater political parties have less risk of corruption than little ones ($p<.1$). Greater parties could be more transparent and have more available information than little political parties. It means that while greater

political parties have web pages with available information, little parties do not have a web page, or the information is not updated. A possible explanation for this could be that greater political parties have more members and more economic resources that help to improve transparency. Even this evidence is not proof of more risk of corruption, it shows some trends that can further be explored.

Figure 4.1. Risk of corruption index by country and political party
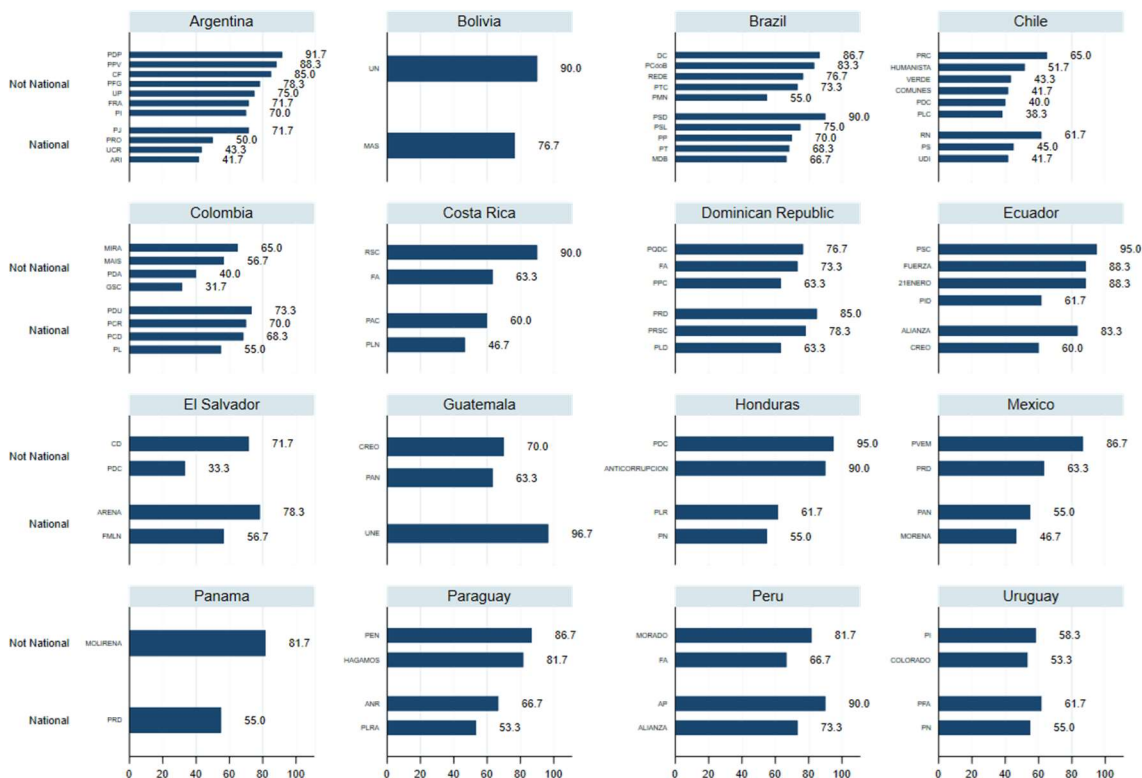
Source: Own elaboration

Comparisons with other measures

As noted, the measures of political corruption try to determine how widespread corruption is in a country. The traditional measures use aggregated polls to experts or surveys to citizens. The risk of corruption (ROC) index measures the likelihood of corruption evaluating rules at

the country level. Comparing measures of corruption is hard because they do not use the same scale, and they cover different countries and years. To make the comparisons, I use the two most commonly used indexes of corruption: The Corruption Perception Index (CPI) by Transparency International and the Control of Corruption (CC) by the World Bank. I also include the Political Corruption Index (PCI) by V-Dem and the Rate of Bribery from Transparency International. I first standardize the measures and then, aggregate the measures by legislative periods. As the Risk of Corruption is measured by each legislative period, I compare the average corruption indexes in each of the periods.

Table 4.4 shows the correlation between traditional measures and the risk of corruption for legislative periods between 1980 and 2019 in Latin American countries. As shown in the table, the corruption perception index (CPI), control of corruption, and political corruption index have a high correlation. Corruption perception index and Control of Corruption use Political Corruption Index as a resource of information. However, bribery rates and risk of corruption (ROC) have a lower correlation with the other indexes. The bribery rate measures bribery experiences of citizens and does not measure other characteristics of political corruption. Conversely, ROC measures the likelihood of engaging in corruption but not how widespread corruption is.

Table 4.4. Correlation between corruption measures

	Corruption Perception Index		Control of Corruption		Political Corruption Index		Bribery Rate	
	Corr.	No.	Corr.	No.	Corr.	No.	Corr.	No.
Control of Corruption	0.9412	117	-	122				
Political Corruption Index	-0.8543	122	-0.9313	122	-	197		
Bribery Rate	-0.4875	27	-0.5138	23	0.473	27	-	27
Risk of Corruption	-0.1240	18	-0.3149	14	0.2224	18	0.0838	17

Note: I use Pearson correlations. The number indicates the cases analyzed.
Source: Own elaboration based on VDEM database, World Bank database, Transparency International, and ROC database.

Figure 4.2 also shows the values of five different measures of corruption for Latin American countries. The Perception of Corruption Index (CPI), Control of Corruption (CC), and Political Corruption Index (PCI) have similar values for all the countries. However, bribery rate and risk

of corruption (ROC) have different values for most of the countries. For example, the case of Argentina, Mexico, and Uruguay.

Figure 4.2. Measures of corruption by Country

Source: Own elaboration based on VDEM database, World Bank database, Transparency International, and ROC database.

Argentina has medium-low values of CPI, CC, and PCI, but it has lower values of bribery and higher values of ROC. Argentina shows that while country experts and perception say that levels of corruption are around the average (for other Latin American countries), bribery is not the main problem. Nevertheless, the legislation still creates opportunities to engage in corrupt behavior. Like Argentina, Mexico has medium-low levels of CPI, CC, and PCI, but it has a higher rate of bribery and a lower risk of corruption. Thus, in Mexico, even though the experts'

evaluation of corruption is on average, the rate of bribery is huge. However, the government in Mexico has implemented different regulations to control corruption, which make the risk of corruption the lowest in the region. Finally, Uruguay is one of the cleanest countries in the region, according to experts. However, the rate of bribery is high in comparison with the experts' view and the risk of engaging in corruption is one the highest in Latin America. Thus, the government in Uruguay does not have strong regulations that help to control political corruption.

Figure 4.3. Perception of Corruption Index vs. Risk of Corruption Index
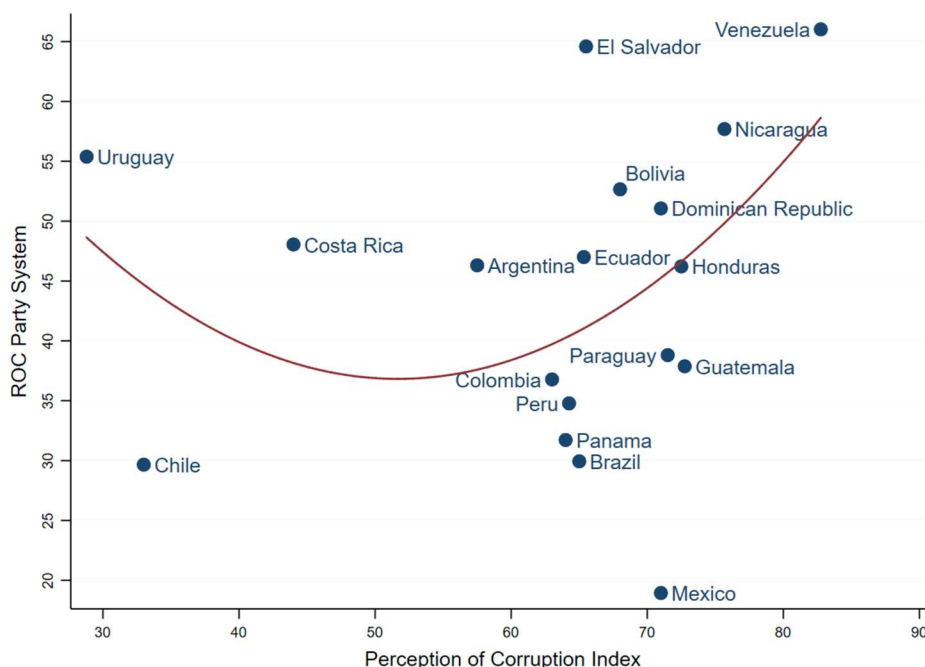
Source: Own elaboration based on Perception of Corruption Index data from Transparency International and Risk of Corruption Index.

Additionally, I compare the ROC with the CPI for the last legislative period for each country. Figure 4.3 shows the Risk of Corruption Index (ROC) for the Party System in comparison with the Perception of Corruption Index. What Figure 4.3 shows is a U-shaped relationship between risk and perception of corruption. Thus, countries with very high levels

and low levels of corruption perception have low high levels of risk of corruption. There is still no argument about how risk is related to the perception of corruption. However, strong regulations against corruption could diminish the risk even if the perception does not change. As Morris (2008), van de Walle (2008) and Melgar et al. (2010) have argued, perception of corruption is affected by other factors like perception of government performance, economic cycles, and individual democratic attitudes that could lead to a feeling of high corruption.

Also, the Figure shows that countries with a low perception of corruption have a high risk of corruption, for example, Costa Rica and Uruguay. Costa Rica and Uruguay are the smallest countries in the region: the population in Costa Rica is around five million and in Uruguay around 4.5 million. However, their GDP per capita is high compared to other Latin American countries: for 2008, Costa Rica has a GDP per capita of U$ 9,889.7, and Uruguay of U$ 14,617.5. Correspondingly with these measures (low population and high GDP per capita), they have low indexes of perception of corruption. CPI for the last legislative period was 56 and 71.2, respectively. However, the index of risk of corruption is high in comparison with other Latin American countries with similar values of perception: 46.7% and 49.7%. Costa Rica and Uruguay score high levels of risk due to two main factors: risk of funding and conflict of interest.

In the case of Costa Rica, the risk of funding has to do with the absence of regulation for access to media advertising and regulations for in-kind donations. Moreover, Costa Rica does not have a law that limits spending during campaigns. Additionally, even though the anti-corruption law and the decree that regulates the law establish the need to make a declaration of interest, there is not any law that regulates lobby. Those characteristics make the system more prone to corrupt activities, in particular, the traffic of influences.

Like Costa Rica, Uruguay does not have any limits for spending during electoral campaigns or in-kind donations. Moreover, there is no information about how the country regulates donations from corporates and foreign interests. Also, the lobby is not regulated in Uruguay, but the party law and chamber of deputies' regulations establish that candidates and incumbents should state conflict of interest. Those characteristics make Uruguay a higher-risk country compared to other countries with the same perception in the region.

On the other hand, Chile is another of the countries with a low perception of corruption, but with very good regulations that reduce the risk of corruption. It seems that perception could

influence the regulations to reduce the risk of corruption. Countries of perceived low and high risk do not need to have strong regulations to decrease the risk of corruption, the former because they do not have corruption problems, and the latter because they are not worried about decreasing corruption problems.[28] However, medium perceived countries have more regulations to reduce the risk because they have corruption problems, and they want to reduce it. That is the case of Brazil, Colombia, Mexico, and Peru.

Conclusion

This paper shows a novel index to measure the risk of corruption in political parties. Using regulations about funding, electoral misconduct, transparency, lobby, and electoral management bodies, I propose an index that allows us to measure the risk of corrupt activities in the party system. The index is valid for the last legislative period in Latin American countries. Similarly, I developed an index of the risk of corruption for 85 political parties in Latin American countries. Using the political party manifestos and statutes, and the information in their web pages, I obtain information about transparency, party leaders' selection, candidate selection process, and anti-corruption commitment to building the index of risk of corruption inside political parties. I found that countries could have a low risk of perception at the party system level but a high risk of corruption at the party level. Thus, even though specific laws and regulations in each country affect political parties, some of them have more measures for controlling corruption. This finding suggests a line of research about political parties' compliance.

I also found a U-shaped relationship between risk and perception of corruption. Even though both indexes should not match perfectly because they are measure different things, the results show that for most of the medium-high corrupt perceived countries, the risk of corruption is low. Moreover, for the less corrupt perceived countries, the risk of corruption is high. Although I do not have enough information (just one legislative period) to make inferences, these results could be due to the countries with a low perception of corruption not worrying about control of the risk of corruption. However, a higher perception of corruption leads to more regulations to

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[28] Highly corrupt perceived countries have democratic instability that could reduce their incentives to diminish corruption.

control the risk of corruption. Future research should focus on what makes a country takes stronger measures for controlling corruption.

Finally, these results are just for Latin American countries and political parties. The index should include countries and political parties from other continents as Europe and Asia. The internal party organization in parliamentary systems could be different and affect the risk of corruption in other ways.

Conclusion

This dissertation focuses on the effect of political parties and party system characteristics on political corruption. I expect this dissertation helps to understand the role of party systems and political parties in creating incentives to reduce corruption. In the previous analysis of political corruption, the role of institutions has been widely studied, but the role of political parties has been relegated. Political parties matter because they help to organize citizen's policy preferences, political campaigns, and politicians' actions. These activities could be permeable by corruption problems, and the political party organization could help to reduce these problems. I make three contributions.

In the theoretical contribution, I develop an argument that links political parties' nationalization to perceived and actual political corruption. One of the mechanisms that affect this relationship is going through programmatic linkages. I also argue that party system nationalization helps to reduce perceived and actual corruption through increasing accountability. One implication of these arguments is that ballot structure effect on political corruption depends on political parties' organization and party system structure.

In the empirical contribution, this dissertation makes a difference between corruption indexes. The results show that political party nationalization affects both the perceived and actual political corruption through building programmatic linkages between citizens and political parties. However, the effect of party nationalization on accountability to decrease corruption is only found with the index of perception of corruption. The accountability mechanism does not work very well with actual political corruption. An implication of this finding is actual corruption is affected by programmatic linkages more than the accountability mechanism, so study political party ties with citizens is important. This dissertation also develops a new index to approach corruption at the party system level and at the political party level: the risk of corruption. The main finding is that even countries with high indexes of perception of corruption have laws and regulations for controlling political corruption, and not all political parties in the same country follow these regulations. One implication of this

contribution is that each measure of political corruption has a bias that should be considered to develop new theories.

In the methodological contribution, this dissertation uses mediation analysis to test the validity of the mechanisms. Most of the theoretical arguments propose a mechanism that affects many variables, but they do not test these interactions empirically. In this dissertation, I argue that the effect of party nationalization and party system nationalization goes through two mechanisms (programmatic linkages and accountability). I test them using mediation analysis. One implication of this is that not all mechanisms explain all the variation. For example, programmatic linkages explain around 43%, and accountability explains around 19% of the party nationalization's effect on corruption perception, but other mechanisms not analyzed explain the rest variation.

The main limitation of the study is the data. First, at the country level, there is not information for all the legislative periods in all the Latin American countries. Two factors impede having complete information. On one side, the indexes of political corruption are not comparable for long periods. On the other side, electoral data are not trustworthy for some countries. Second, at the political party level, not all political parties are well organized. That causes that information is not available for all the political parties. Another limitation is that the results are valid for Latin American countries. Including a large sample could help to understand the effect of other types of government.

Future research includes two lines: mechanisms that affect the perception of corruption and expand the coverage of the risk of corruption.

As I find in the dissertation, programmatic linkages and accountability are not the only mechanisms that affect corruption perception. Party system nationalization shapes the competition between political parties inside countries, affecting other features of political parties' organization as the candidate and leader's selection process. For example, scholars have argued that nationalized parties seek to protect their national reputation through mechanisms that ensure members' and politicians' good behavior (Bizzarro et al., 2018). Thus, nationalized parties should develop internal party governance to select and oversee their members more carefully, reducing the opportunities to engage in corruption. Also, they should include the creation of rules for transparent and competitive party leadership elections and candidate

nominations (USAID, 1999). Consequently, a multilevel analysis that considers the individual perception of corruption with institutional variables at the country level will be necessary.

Another direction for future research is to include other countries in the risk of corruption index. Until now, the risk of corruption index just considers Latin American countries and political parties. The next step is to include American political parties in the analysis and European countries. American political parties compete similarly to Latin American political parties. However, as political parties in parliamentary systems have different paths of competition, European countries and political parties could show other resources of risk.

Also, understand how party nationalization affects the risk of corruption would be another line of research. So far, the research shows how different structures at the party system affect political corruption. In the future, the research could focus on understanding how party structures of competition affect the risk of engaging in corrupt behavior.

Appendix

Appendix 2.1 Variables and sources

Variable Name	Definition	Years	% Missing Values	Resource
BCI	Bayesian Corruption Index: Perception of corruption by Standaert (2015) 0 (low perception of corruption) – 100 (high perception of corruption)	1984-2017	12.8%	https://users.ugent.be/~sastanda/BCI/BCI.html
CPI	Corruption Perception Index by Transparency Interntional	1995-2018	0.0%	https://www.transparency.org/en/cpi/2019/index/nzl
Political Corruption	How pervasive is political corruption? Uses public corruption, executive corruption, legislative corruption, and judicial corruption	1980-2018	0.0%	V-Dem https://www.v-dem.net/en/data/data/v-dem-dataset-v111/
PSN	Bochsler Standardized and Weighted Party System Nationalization Score. A summary expression of the level of the nationalization of a party system that standardizes for the number of territorial units and also weights for the size of the territorial units (Bochsler, 2010).	1980-2018	27.4%	CLEA http://www.electiondataarchive.org/party-nationalization-measures.php
Party Linkages	Among the major parties, what is the main or most common form of linkage to their constituents? Clientelistic (0) - Programmatic (4)	1980-2018	0.0%	V-Dem https://www.v-dem.net/en/data/data/v-dem-dataset-v111/
Polity2	Polity revised combined score Authoritariansm (-10) - Full Democracy (10)	1980-2017	25.6%	V-Dem https://www.v-dem.net/en/data/data/v-dem-dataset-v111/
GDP per capita	GDP per capita is gross domestic product divided by midyear population. Data are in constant 2010 U.S. dollars.	1980-2018	0.0%	World Bank https://databank.worldbank.org/home.aspx
Natural Resources (% GDP)	Total natural resources rents are the sum of oil rents, natural gas rents, coal rents (hard and soft), mineral rents, and forest rents.	1980-2017	3.0%	World Bank https://databank.worldbank.org/home.aspx
Polarization	The maximum difference of orientation among government parties: 0. No polarization	1980-2018	9.1%	DPI https://www.opendatanetwork.com/dataset/mydata.iadb.org/ngy5-9h9d

	1. Low polarization 2. High polarization			
Closed	Ballot structure 1. Closed List 0. Otherwise	1980-2018	6.6%	DPI https://www.opendatanetwork.com/dataset/mydata.iadb.org/ngy5-9h9d
Electoral Year	Year of the legislative election	1980-2018	0.0%	Own elaboration

Source: Own elaboration

Appendix 2.2 Available Electoral Information

Country	#Legislative Elections (1980-2018)	#Legislative Elections with Information	#Missing Cases	%Missing Cases
Argentina	18	17	1	6%
Bolivia	9	9	0	0%
Brazil	10	9	1	10%
Chile	8	7	1	13%
Colombia	11	5	6	55%
Costa Rica	10	9	1	10%
Dominican Republic	9	8	1	11%
Ecuador	13	9	4	31%
El Salvador	12	8	4	33%
Guatemala	9	8	1	11%
Honduras	10	8	2	20%
Mexico	13	8	5	38%
Nicaragua	7	5	2	29%
Panama	7	0	7	100%
Paraguay	9	6	3	33%
Peru	9	6	3	33%
Uruguay	7	7	0	0%
Venezuela	8	1	7	88%

Source: Own elaboration

Appendix 2.3 Descriptive Statistics

2.3.1. Descriptive Statistics for all the countries. Continuous Variables

ALL COUNTRIES						
Variable		# Obser.	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	overall	612	55.95	10.56	25.12	74.12
	between	18		10.71	29.26	69.00
	within	34		1.71	47.31	61.47
Political Corruption Index	overall	702	0.62	0.24	0.04	0.96
	between	18		0.24	0.07	0.87
	within	39		0.07	0.42	0.81
Party Linkages	overall	702	1.86	0.94	0.18	3.74

Variable		Obs	Mean	Std. Dev.	Min	Max
	between	18		0.84	0.57	3.43
	within	39		0.47	0.49	3.09
GDP per capita (Ln)	overall	698	8.42	0.68	6.96	9.62
	between	18		0.67	7.25	9.46
	within	38.8		0.22	7.76	9.10
Polity2	overall	684	6.27	4.38	-9.00	10.00
	between	18		1.51	3.55	10.00
	within	38		4.13	-9.25	11.72
PSN	overall	130	0.71	0.18	0.14	0.95
	between	17		0.13	0.39	0.89
	within	7.6		0.11	0.38	1.15
Natural Resoures	overall	681	4.61	5.29	0.06	34.89
	between	18		4.72	0.21	18.96
	within	37.8		2.78	-5.81	20.54

Source: Own elaboration

2.3.2. Descriptive Statistics for all the countries. Categorical Variables

Variable		Overall		Between	
		#	%	#	%
Polarization	Total	638	100		
	0.No Polarization	372	58.31	18	100
	1.Low Polarization	82	12.85	10	55.56
	2.High Polarization	184	28.84	16	88.89
List	Total	656	100		
	0.Other	199	45.68	9	50.00
	1.Closed List	357	54.42	10	55.56

Source: Own elaboration

2.3.3. Descriptive Statistics for country

Country	Variable	Obs	Mean	Std. Dev.	Min	Max
Argentina	Bayesian Corruption Index	34	62.02	1.51	59.94	64.97
	Political Corruption Index	39	0.51	0.09	0.32	0.62
	Party Linkages	39	2.33	0.58	1.95	3.47
	GDP per capita (Ln)	39	9.03	0.17	8.74	9.29
	Polity2	38	6.53	4.45	-9	9
	PSN	17	0.39	0.20	0.14	0.83
Bolivia	Bayesian Corruption Index	34	64.28	1.25	61.96	66.81
	Political Corruption Index	39	0.72	0.06	0.61	0.88
	Party Linkages	39	1.81	0.71	0.94	2.88
	GDP per capita (Ln)	39	7.42	0.20	7.16	7.85
	Polity2	38	7.45	3.55	-7	9
	PSN	9	0.75	0.04	0.69	0.82
Brazil	Bayesian Corruption Index	34	57.84	1.42	55.40	61.84
	Political Corruption Index	39	0.61	0.07	0.52	0.72
	Party Linkages	39	2.44	0.36	2.02	2.94
	GDP per capita (Ln)	39	9.12	0.15	8.89	9.39

	Polity2	38	6.42	3.89	-4	8
	PSN	9	0.67	0.05	0.58	0.75
Chile	Bayesian Corruption Index	34	34.61	3.68	25.97	37.73
	Political Corruption Index	39	0.14	0.11	0.05	0.31
	Party Linkages	39	3.39	0.05	3.37	3.52
	GDP per capita (Ln)	39	9.07	0.41	8.40	9.62
	Polity2	38	5.53	6.49	-7	10
	PSN	7	0.78	0.02	0.74	0.81
Colombia	Bayesian Corruption Index	34	56.27	2.17	54.25	60.66
	Political Corruption Index	39	0.61	0.03	0.56	0.65
	Party Linkages	39	0.96	0.10	0.86	1.15
	GDP per capita (Ln)	39	8.56	0.22	8.26	8.95
	Polity2	38	7.50	0.69	7	9
	PSN	5	0.59	0.08	0.46	0.68
Costa Rica	Bayesian Corruption Index	34	42.43	0.83	40.86	44.70
	Political Corruption Index	39	0.23	0.06	0.17	0.32
	Party Linkages	39	2.83	0.40	2.29	3.31
	GDP per capita (Ln)	39	8.74	0.26	8.37	9.20
	Polity2	38	10	0	10	10
	PSN	9	0.86	0.03	0.82	0.91
Dominican Republic	Bayesian Corruption Index	34	64.19	1.19	62.14	66.37
	Political Corruption Index	39	0.86	0.02	0.83	0.88
	Party Linkages	39	0.57	0.10	0.54	1.15
	GDP per capita (Ln)	39	8.28	0.34	7.86	8.95
	Polity2	38	7.05	1.06	5	8
	PSN	8	0.88	0.03	0.85	0.93
Ecuador	Bayesian Corruption Index	34	62.99	2.79	56.14	65.68
	Political Corruption Index	39	0.60	0.04	0.50	0.65
	Party Linkages	39	1.19	0.07	0.94	1.36
	GDP per capita (Ln)	39	8.33	0.14	8.19	8.60
	Polity2	38	7.18	1.75	5	9
	PSN	9	0.57	0.06	0.47	0.67
El Salvador	Bayesian Corruption Index	34	53.40	1.95	51.92	58.50
	Political Corruption Index	39	0.76	0.08	0.58	0.86
	Party Linkages	39	2.31	0.88	0.94	3.13
	GDP per capita (Ln)	39	7.87	0.17	7.62	8.16
	Polity2	38	6.42	2.13	-2	8
	PSN	8	0.84	0.03	0.77	0.87
Guatemala	Bayesian Corruption Index	34	57.52	0.81	56.27	59.38
	Political Corruption Index	39	0.82	0.03	0.74	0.87
	Party Linkages	39	1.70	0.52	1.06	2.49
	GDP per capita (Ln)	39	7.83	0.13	7.62	8.06
	Polity2	38	4.61	4.87	-7	8
	PSN	8	0.71	0.06	0.57	0.77
Honduras	Bayesian Corruption Index	34	58.08	0.61	57.01	59.38
	Political Corruption Index	39	0.87	0.02	0.83	0.88
	Party Linkages	39	0.93	0.09	0.87	1.18
	GDP per capita (Ln)	39	7.44	0.13	7.26	7.70
	Polity2	38	6.16	1.17	1	7
	PSN	8	0.73	0.27	0.40	0.95
Mexico	Bayesian Corruption Index	34	56.83	1.31	55.34	60.46
	Political Corruption Index	39	0.69	0.09	0.57	0.83
	Party Linkages	39	2.27	0.51	1.55	3.03

	GDP per capita (Ln)	39	9.07	0.10	8.91	9.25
	Polity2	38	3.95	4.61	-3	8
	PSN	8	0.84	0.05	0.71	0.88
Nicaragua	Bayesian Corruption Index	34	60.34	1.08	58.34	62.05
	Political Corruption Index	39	0.71	0.08	0.59	0.85
	Party Linkages	39	2.02	0.65	1.07	3.10
	GDP per capita (Ln)	39	7.25	0.18	6.96	7.58
	Polity2	38	5.21	4.65	-5	9
	PSN	5	0.87	0.04	0.81	0.90
Panama	Bayesian Corruption Index	34	53.11	0.34	52.62	54.05
	Political Corruption Index	39	0.63	0.10	0.51	0.83
	Party Linkages	39	1.69	0.64	0.44	2.28
	GDP per capita (Ln)	39	8.70	0.34	8.25	9.37
	Polity2	38	5.26	6.51	-8	9
	PSN	0	0	0	0	0
Paraguay	Bayesian Corruption Index	34	69.00	1.47	66.36	71.41
	Political Corruption Index	39	0.86	0.07	0.75	0.96
	Party Linkages	39	0.96	0.52	0.18	1.72
	GDP per capita (Ln)	39	8.24	0.16	8.01	8.59
	Polity2	38	3.55	6.74	-8	9
	PSN	6	0.79	0.13	0.59	0.93
Peru	Bayesian Corruption Index	34	56.30	0.59	55.29	57.50
	Political Corruption Index	39	0.59	0.11	0.42	0.77
	Party Linkages	39	1.63	0.57	1.10	2.85
	GDP per capita (Ln)	39	8.25	0.28	7.86	8.77
	Polity2	38	6.53	3.36	-3	9
	PSN	6	0.72	0.04	0.67	0.79
Uruguay	Bayesian Corruption Index	34	29.26	1.99	25.12	32.12
	Political Corruption Index	39	0.07	0.07	0.04	0.25
	Party Linkages	39	3.43	0.39	2.59	3.74
	GDP per capita (Ln)	39	9.10	0.28	8.67	9.59
	Polity2	38	7.66	5.79	-7	10
	PSN	7	0.79	0.05	0.72	0.87
Venezuela	Bayesian Corruption Index	34	68.61	2.42	65.38	74.12
	Political Corruption Index	39	0.80	0.09	0.69	0.93
	Party Linkages	39	1.11	0.32	0.42	1.40
	GDP per capita (Ln)	35	9.46	0.09	9.19	9.61
	Polity2	38	5.89	3.90	-3	9
	PSN	1	0.89	.	0.89	0.89

Source: Own elaboration

Appendix 2.4. Mediation Analysis

2.4.1 Significance testing for mediation Analysis

	STRUCTURAL ANALYSIS FOR PERCEPTION OF CORRUPTION (BAYESIAN CORRUPTION INDEX)				
Dependent Variables	**Independent Variables**	**Coefficient**	**P-Value**	**[95% Conf. Interval]**	
Programmatic Linkages	Party System Nationalization	1.424	0.016	[0.2661	2.5815]

	Economic Development	0.309	0.158	[-0.1198	0.7379]
	Population over 65 years	0.194	0.000	[0.1090	0.2790]
	Unemployment rate	-0.021	0.255	[-0.0574	0.0153]
	Constant	-2.668	0.128	[-6.1001	0.7633]
Perception Of Corruption	Programmatic Linkages	-6.614	0.000	[-9.9118	-3.3152]
	Party System Nationalization	-14.028	0.003	[-23.2719	-4.7836]
	Economic Development	-1.866	0.408	[-6.2854	2.5535]
	Level of Democracy	-1.370	0.004	[-2.3145	-0.4256]
	Polarization	1.019	0.329	[-1.0285	3.0664]
	Constant	105.077	0.000	[60.7836	149.3709]
	Var (programmatic linkages):	0.448		[0.2648	0.7575]
	Var (perception of corruption):	47.098		[33.8159	65.5968]

Source: Own elaboration

Significance Testing Of ACME Perception Of Corruption – Bci			
Estimates	**Delta**	**Sobel**	**Monte Carlo**
ACME	-9.416	-9.416	-9.123
Std. Err.	3.812	4.583	4.251
z-value	-2.47	-2.055	-2.146
p-value	0.014	0.040	0.032
Conf. Interval	[-16.888 , -1.945]	[-18.398 , -0.434]	[-18.999 , -1.062]

Source: Own elaboration

For the perception of corruption, the result of the Baron and Kenny's approach:

- STEP 1 – Party linkages: PSN (X → M) p<0.05
- STEP 2 – BCI: Party linkages (M → Y) p<0.01
- STEP 3 – BCI: PSN (X → Y) p<0.01

As STEP 1, STEP 2, and STEP 3 and Sobel's test above (p<0.05), are significant the mediation is partial.

For the perception of corruption, the result of Zhao, Lynch & Chen's approach to testing mediation:

- STEP 1 – BCI: PSN (X → Y) p<0.01

As the Monte Carlo test above is significant (p<0.05), STEP 1 is significant, and their coefficients point in the same direction, the mediation is complementary (partial mediation).

STRUCTURAL ANALYSIS FOR ACTUAL POLITICAL CORRUPTION (V-DEM INDEX)				
	COEF.	P-VALUE	[95% CONF. INTERVAL]	
DV: Programmatic Linkages				
Party System Nationalization	1.4672	0.011	0.3361	2.5982
Economic Development	0.2812	0.215	-0.1630	0.7255
Population over 65 years	0.2010	0.000	0.1147	0.2873
Unemployment rate	-0.0286	0.145	-0.0670	0.0098
Constant	-2.4861	0.168	-6.0181	1.0458
DV: Actual Corruption				
Programmatic Linkages	-0.1469	0.000	-0.2140	-0.0798
Party System Nationalization	0.0237	0.768	-0.1337	0.1811
Economic Development	-0.0921	0.008	-0.1605	-0.0238
Level of Democracy	-0.0476	0.000	-0.0694	-0.0258
Closed List	0.0649	0.244	-0.0443	0.1740
Natural Resources	-0.0076	0.129	-0.0174	0.0022
Constant	2.0071	0.000	1.2960	2.7182
var (programmatic linkages)	0.4622		0.2845	0.7509
var (actual corruption)	0.0147		0.0089	0.0242

Source: Own elaboration

SIGNIFICANCE TESTING OF ACME ACTUAL POLITICAL CORRUPTION – V-DEM INDEX			
Estimates	Delta	Sobel	Monte Carlo
Indirect effect	-0.216	-0.216	-0.218
Std. Err.	0.08	0.099	0.107
z-value	-2.698	-2.187	-2.035
p-value	0.007	0.029	0.042
Conf. Interval	[-0.372 , 0.059]	[-0.409 , 0.022]	[-0.447 , 0.033]

Source: Own elaboration

For actual corruption, Baron and Kenny's approach:

- STEP 1 – Party linkages: PSN (X → M) p<0.05
- STEP 2 – Political Corruption Index: Party linkages (M → Y) p<0.01
- STEP 3 – Political Corruption Index: PSN (X → Y) p=0.768

As STEP 1, STEP 2, and Sobel's test above (p<0.05) are significant, but STEP 3 is not significant, the mediation is complete.

For actual corruption, Zhao, Lynch & Chen's approach:

- STEP 1 – Political Corruption Index: PSN (X → Y) p=0.768

As the Monte Carlo test above is significant (p<0.05), and STEP 1 is not significant, there is full mediation (only indirect effect).

2.4.2 Sensibility analysis

According to Imai et al. (2010), the Average Causal Mediation Effect (ACME) depends on the sequential ignorability assumption, which states that ACME is identifiable only if: first, the treatment variable (PSN) is independent of the mediator (party linkages) and outcome (perceived and actual corruption). At the moment, we do not have any reason to believe that PSN is affected by party linkages or by the perception of corruption. The second condition states that after controlling by the treatment variable, the mediator (party linkages) is not affected by the outcome (perceived and actual corruption). As the second part of the assumption is impossible to test, a sensibility analysis should be run (Imai, Keele, & Tingley, 2010).

Figure A.2.1. Sensibility Analysis of Perception of Corruption's ACME
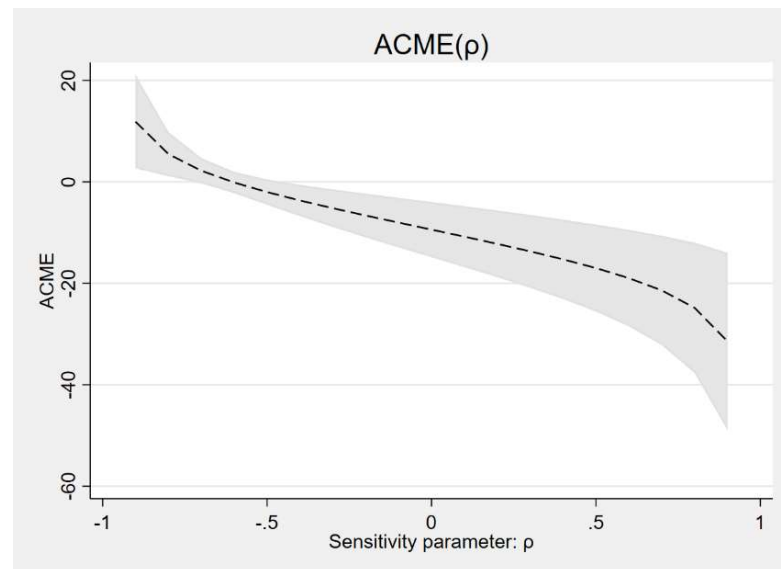
Source: Own elaboration

Figure A.2.1 shows the analysis of sensibility for the perception of corruption. The sensibility parameter (ρ) measures when the assumption is violated. According to the Figure, the value of ρ at which ACME is zero = -0.43. It means that the direction of the ACME will hold unless ρ is less than -0.43, which allows some margin for the violation of the assumption.

Similarly, Figure A.2.2 shows the analysis of sensibility for actual corruption. According to the Figure, the value of ρ at which ACME is zero = -0.44. It means that the direction of the ACME will hold unless ρ is less than -0.44, which allows some margin for the violation of the assumption, too.

Figure A.2.2. Sensibility Analysis of Actual Corruption's ACME
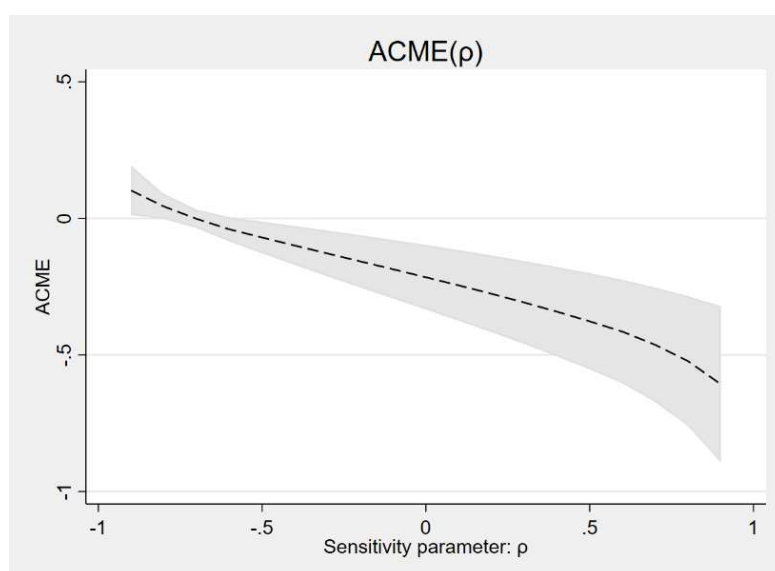
Source: Own elaboration

Appendix 3.1. Variables and sources

Variable Name	Definition	Years	% Missing Values	Resource
BCI	Bayesian Corruption Index: Perception of corruption by Standaert (2015) 0 (low perception of corruption) – 100 (high perception of corruption)	1984-2017	12.8%	https://users.ugent.be/~sastanda/BCI/BCI.html
CPI	Corruption Perception Index by Transparency Interntional	1995-2018	0.0%	https://www.transparency.org/en/cpi/2019/index/nzl
Global Corruption Barometer.	Public Opinion Survey about Corruption by Transparency International	2017-2019	--	https://www.transparency.org/en/gcb/latin-

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Latin America and The Caribbean				america/latin-america-and-the-caribbean-x-edition-2019/results/arg
Political Corruption	How pervasive is political corruption? Uses public corruption, executive corruption, legislative corruption, and judicial corruption	1980-2018	0.0%	V-Dem https://www.v-dem.net/en/data/data/v-dem-dataset-v111/
PSN	Bochsler Standardized and Weighted Party System Nationalization Score. A summary expression of the level of the nationalization of a party system that standardizes for the number of territorial units and also weights for the size of the territorial units (Bochsler, 2010). 0 (Low PSN) -1 (High PSN)	1980-2018	27.4%	CLEA http://www.electiondataarchive.org/party-nationalization-measures.php
Accountability	Elaborated by Williams (2015). Measure if the access to the information by the public is designed to provide a check on the behavior of the government. Three factors compose it: 1) Free and independent media 2) Fiscal transparency 3) Political constraints 0 (low accountability) – 100 (high accountability)	1980-2010	21.8%	https://andrewwilliamsecon.wordpress.com/datasets/
Polity2	Polity revised combined score Authoritarianism (-10) - Full Democracy (10)	1980-2017	25.6%	V-Dem https://www.v-dem.net/en/data/data/v-dem-dataset-v111/
GDP per capita	GDP per capita is gross domestic product divided by midyear population. Data are in constant 2010 U.S. dollars.	1980-2018	0.0%	World Bank https://databank.worldbank.org/home.aspx
Party Age	The average of the ages of the first two governments party and the first opposition party.	1980-2017	8.4%	DPI https://www.opendatanetwork.com/dataset/mydata.iadb.org/ngy5-9h9d
Polarization	The maximum difference of orientation among government parties: 0. No polarization 1. Low polarization 2. High polarization	1980-2018	9.1%	DPI https://www.opendatanetwork.com/dataset/mydata.iadb.org/ngy5-9h9d
List	Ballot structure: 1. Closed List 0. Otherwise	1980-2018	6.6%	DPI https://www.opendatanetwork.com/dataset/mydata.iadb.org/ngy5-9h9d

Freedom of the Press (FOTP)	The categorical variable that takes three values 1. Not Free 2. Partially Free 3. Free	1980-2016	6.7%	Freedom House database https://freedomhouse.org/report/freedom-world
Electoral Year	Year of a legislative election	1980-2018	0.0%	Own elaboration

Source: Own elaboration

Appendix 3.2. Available Eletoral Information

Country	#Legislative Elections	#Legislative Elections with Information	#Missing Cases	%Missing Cases
Argentina	18	17	1	6%
Bolivia	9	9	0	0%
Brazil	10	9	1	10%
Chile	8	7	1	13%
Colombia	11	5	6	55%
Costa Rica	10	9	1	10%
Dominican Republic	9	8	1	11%
Ecuador	13	9	4	31%
El Salvador	12	8	4	33%
Guatemala	9	8	1	11%
Honduras	10	8	2	20%
Mexico	13	8	5	38%
Nicaragua	7	5	2	29%
Panama	7	0	7	100%
Paraguay	9	6	3	33%
Peru	9	6	3	33%
Uruguay	7	7	0	0%
Venezuela	8	1	7	88%

Source: Own elaboration

Appendix 3.3. Descriptive Statistics

3.3.1. Descriptive Statistics for all the countries. Continuous Variables

ALL COUNTRIES						
Variable		# Obser.	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	Overall	612	55.95	10.56	25.12	74.12
	Between	18		10.71	29.26	69.00
	Within	34		1.71	47.31	61.47
Political Corruption Index	Overall	702	0.62	0.24	0.04	0.96
	Between	18		0.24	0.07	0.87
	Within	39		0.07	0.42	0.81
Accountability	Overall	558	56.85	13.07	15	82
	Between	18		7.33	45.65	73.90

		Obs	Mean	Std. Dev.	Min	Max
	Within	31		10.96	11.37	79.76
GDP per capita (Ln)	Overall	698	8.42	0.68	6.96	9.62
	Between	18		0.67	7.25	9.46
	Within	38.8		0.22	7.76	9.10
Polity2	Overall	684	6.27	4.38	-9.00	10.00
	between	18		1.51	3.55	10.00
	within	38		4.13	-9.25	11.72
PSN	overall	130	0.71	0.18	0.14	0.95
	between	17		0.13	0.39	0.89
	within	7.6		0.11	0.38	1.15
Party Age	overall	608	41.95	37.98	1	183
	between	18		35.15	8.46	128.13
	within	33.8		16.13	-25.84	96.82

Source: Own elaboration

3.3.2. Descriptive Statistics for all the countries. Categorical Variables

Variable	Overall		Between	
	#	%	#	%
0.No Polarization	372	58.31	18	100
1.Low Polarization	82	12.85	10	55.56
2.High Polarization	184	28.84	16	88.89
Total Polarization	638	100		
0.Other	199	45.68	9	50.00
1.Closed List	357	54.42	10	55.56
Total List	656	100		
0. Not Free	65	10.03	14	77.78
1. Partial	378	58.33	17	94.44
2. Free	205	31.64	14	77.78
Total FOTP	648	100		

Source: Own elaboration

3.3.3. Descriptive Statistics for country

ARGENTINA					
Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	62.02	1.51	59.94	64.97
Political Corruption Index	39	0.51	0.09	0.32	0.62
Accountability	31	54.68	12.65	16	73
GDP per capita (Ln)	39	9.03	0.17	8.74	9.29
Polity2	38	6.53	4.45	-9	9
PSN	17	0.39	0.20	0.14	0.83
BOLIVIA					
Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	64.28	1.25	61.96	66.81

Political Corruption Index	39	0.72	0.06	0.61	0.88
Accountability	31	61.48	14.59	16	75
GDP per capita (Ln)	39	7.42	0.20	7.16	7.85
Polity2	38	7.45	3.55	-7	9
PSN	9	0.75	0.04	0.69	0.82

BRAZIL

Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	57.84	1.42	55.40	61.84
Political Corruption Index	39	0.61	0.07	0.52	0.72
Accountability	31	58.90	11.07	30	74
GDP per capita (Ln)	39	9.12	0.15	8.89	9.39
Polity2	38	6.42	3.89	-4	8
PSN	9	0.67	0.05	0.58	0.75

CHILE

Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	34.61	3.68	25.97	37.73
Political Corruption Index	39	0.14	0.11	0.05	0.31
Accountability	31	58.94	14.28	32	72
GDP per capita (Ln)	39	9.07	0.41	8.40	9.62
Polity2	38	5.53	6.49	-7	10
PSN	7	0.78	0.02	0.74	0.81

COLOMBIA

Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	56.27	2.17	54.25	60.66
Political Corruption Index	39	0.61	0.03	0.56	0.65
Accountability	31	57.45	4.30	48	67
GDP per capita (Ln)	39	8.56	0.22	8.26	8.95
Polity2	38	7.50	0.69	7	9
PSN	5	0.59	0.08	0.46	0.68

COSTA RICA

Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	42.43	0.83	40.86	44.70
Political Corruption Index	39	0.23	0.06	0.17	0.32
Accountability	31	73.90	5.45	62	82
GDP per capita (Ln)	39	8.74	0.26	8.37	9.20
Polity2	38	10	0	10	10
PSN	9	0.86	0.03	0.82	0.91

DOMINICAN REPUBLIC

Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	64.19	1.19	62.14	66.37
Political Corruption Index	39	0.86	0.02	0.83	0.88
Accountability	31	63.39	6.70	49	73
GDP per capita (Ln)	39	8.28	0.34	7.86	8.95
Polity2	38	7.05	1.06	5	8
PSN	8	0.88	0.03	0.85	0.93

ECUADOR

Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	62.99	2.79	56.14	65.68
Political Corruption Index	39	0.60	0.04	0.50	0.65

Accountability	31	55.26	9.20	39	72
GDP per capita (Ln)	39	8.33	0.14	8.19	8.60
Polity2	38	7.18	1.75	5	9
PSN	9	0.57	0.06	0.47	0.67

EL SALVADOR

Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	53.40	1.95	51.92	58.50
Political Corruption Index	39	0.76	0.08	0.58	0.86
Accountability	31	54.58	8.56	35	65
GDP per capita (Ln)	39	7.87	0.17	7.62	8.16
Polity2	38	6.42	2.13	-2	8
PSN	8	0.84	0.03	0.77	0.87

GUATEMALA

Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	57.52	0.81	56.27	59.38
Political Corruption Index	39	0.82	0.03	0.74	0.87
Accountability	31	45.74	10.93	19	61
GDP per capita (Ln)	39	7.83	0.13	7.62	8.06
Polity2	38	4.61	4.87	-7	8
PSN	8	0.71	0.06	0.57	0.77

HONDURAS

Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	58.08	0.61	57.01	59.38
Political Corruption Index	39	0.87	0.02	0.83	0.88
Accountability	31	52.94	6.94	41	70
GDP per capita (Ln)	39	7.44	0.13	7.26	7.70
Polity2	38	6.16	1.17	1	7
PSN	8	0.73	0.27	0.40	0.95

MEXICO

Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	56.83	1.31	55.34	60.46
Political Corruption Index	39	0.69	0.09	0.57	0.83
Accountability	31	51.84	4.26	43	59
GDP per capita (Ln)	39	9.07	0.10	8.91	9.25
Polity2	38	3.95	4.61	-3	8
PSN	8	0.84	0.05	0.71	0.88

NICARAGUA

Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	60.34	1.08	58.34	62.05
Political Corruption Index	39	0.71	0.08	0.59	0.85
Accountability	31	48.13	12.62	25	65
GDP per capita (Ln)	39	7.25	0.18	6.96	7.58
Polity2	38	5.21	4.65	-5	9
PSN	5	0.87	0.04	0.81	0.90

PANAMA

Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	53.11	0.34	52.62	54.05
Political Corruption Index	39	0.63	0.10	0.51	0.83
Accountability	31	56.84	11.56	28	74

	Obs	Mean	Std. Dev.	Min	Max
GDP per capita (Ln)	39	8.70	0.34	8.25	9.37
Polity2	38	5.26	6.51	-8	9
PSN	0	0	0	0	0
PARAGUAY					
Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	69.00	1.47	66.36	71.41
Political Corruption Index	39	0.86	0.07	0.75	0.96
Accountability	31	45.65	18.11	15	64
GDP per capita (Ln)	39	8.24	0.16	8.01	8.59
Polity2	38	3.55	6.74	-8	9
PSN	6	0.79	0.13	0.59	0.93
PERU					
Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	56.30	0.59	55.29	57.50
Political Corruption Index	39	0.59	0.11	0.42	0.77
Accountability	31	58.97	8.48	44	72
GDP per capita (Ln)	39	8.25	0.28	7.86	8.77
Polity2	38	6.53	3.36	-3	9
PSN	6	0.72	0.04	0.67	0.79
URUGUAY					
Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	29.26	1.99	25.12	32.12
Political Corruption Index	39	0.07	0.07	0.04	0.25
Accountability	31	69.61	9.68	47	82
GDP per capita (Ln)	39	9.10	0.28	8.67	9.59
Polity2	38	7.66	5.79	-7	10
PSN	7	0.79	0.05	0.72	0.87
VENEZUELA					
Variable	Obs	Mean	Std. Dev.	Min	Max
Bayesian Corruption Index	34	68.61	2.42	65.38	74.12
Political Corruption Index	39	0.80	0.09	0.69	0.93
Accountability	31	55.10	17.51	24	78
GDP per capita (Ln)	35	9.46	0.09	9.19	9.61
Polity2	38	5.89	3.90	-3	9
PSN	1	0.89	.	0.89	0.89

Source: Own elaboration

Appendix 3.4. Mediation Analysis

3.4.1 Significance testing for mediation Analysis for Accountability

STRUCTURAL ANALYSIS FOR PERCEPTION OF CORRUPTION (BAYESIAN CORRUPTION INDEX)				
	COEF.	P-VALUE	[95% CONF. INTERVAL]	
DV: Accountability				
Party System Nationalization	12.0798	0.002	4.4427	19.7170
Economic Development	1.5495	0.403	-2.0830	5.1820

Level of Democracy	3.1233	0.000	2.1199	4.1266
Constant	14.3439	0.404	-19.3575	48.0453
DV: Perception of Corruption				
Accountability	-0.3638	0.006	-0.6223	-0.1053
Party System Nationalization	-19.9863	0.001	-31.8694	-8.1033
Economic Development	-7.2326	0.001	-11.5760	-2.8892
Level of Democracy	-0.8708	0.123	-1.9779	0.2364
Polarization	1.3777	0.104	-0.2838	3.0391
Constant	157.6263	0.000	109.3122	205.9405
Var (accountability)	49.4297		35.5034	68.8185
Var (perception of corruption)	53.6061		33.4730	85.8489

Source: Own elaboration

SIGNIFICANCE TESTING OF ACME PERCEPTION OF CORRUPTION – BCI			
Estimates	Delta	Sobel	Monte Carlo
Indirect effect	-4.395	-4.395	-4.275
Std. Err.	1.702	2.133	2.233
z-value	-2.583	-2.061	-1.915
p-value	0.01	0.039	0.056
Conf. Interval	[-7.730 , 1.060]	[-8.575 , 0.215]	[-9.791 , 0.556]

Source: Own elaboration

For the perception of corruption, the result of the Baron and Kenny's approach:

- STEP 1 – Accountability: PSN (X → M) with p<0.01

- STEP 2 - BCI: Accountability (M → Y) with p<0.01

- STEP 3 - BCI: PSN (X → Y) with p<0.01

As STEP 1, STEP 2, and STEP 3, as well as Sobel's test above (p<0.05) are significant, the mediation is partial.

For the perception of corruption, the result of Zhao, Lynch & Chen's approach to testing mediation:

- STEP 1 - BCI: PSN (X → Y) with p<0.01

As the Monte Carlo test above is significant (p<0.06), STEP 1 is significant, and the coefficients point in the same direction, there is a partial and complementary mediation effect.

STRUCTURAL ANALYSIS FOR ACTUAL POLITICAL CORRUPTION (V-DEM INDEX)				
	COEF.	P-VALUE	[95% CONF. INTERVAL]	
DV: Accountability				
Party System Nationalization	11.4671	0.004	[3.5661	19.3681]
Economic Development	1.2938	0.499	[-2.4599	5.0475]
Level of Democracy	3.0934	0.000	[2.0025	4.1842]
Constant	17.0868	0.349	[-18.6626	52.8362]
DV: Perception of Corruption				
Accountability	-0.0069	0.027	[-0.0131	-0.0008]
Party System Nationalization	-0.0703	0.592	[-0.3272	0.1867]
Economic Development	-0.2011	0.000	[-0.2715	-0.1308]
Level of Democracy	-0.0418	0.001	[-0.0673	-0.0163]
Closed List	-0.0335	0.594	[-0.1565	0.0896]
Party Age	-0.0009	0.244	[-0.0024	0.0006]
Constant	3.1166	0.000	[2.3663	3.8668]
Var (accountability)	49.9152		[36.1463	68.9289]
Var (actual corruption)	0.0185		[0.0123	0.0278]

Source: Own elaboration

SIGNIFICANCE TESTING OF ACME ACTUAL POLITICAL CORRUPTION – V-DEM INDEX			
Estimates	Delta	Sobel	Monte Carlo
Indirect effect	-0.079	-0.079	-0.079
Std. Err.	0.038	0.046	0.053
z-value	-2.091	-1.744	-1.503
p-value	0.037	0.081	0.133
Conf. Interval	[-0.154 , 0.005]	[-0.169 , 0.010]	[-0.210 , 0.005]

Source: Own elaboration

For actual corruption, Baron and Kenny's approach:

- STEP 1 - Accountability: PSN (X → M) with p<0.01
- STEP 2 - Political Corruption Index: Accountability (M → Y) with p<0.05
- STEP 3 - Political Corruption Index: PSN (X → Y) with p=0.592

As STEP 1, STEP 2, and Sobel's test above (p<0.1) are significant, but STEP 3 is not significant, the mediation is complete.

For actual corruption, Zhao, Lynch & Chen's approach:

- STEP 1 - Political Corruption Index: PSN (X → Y) with p=0.592

As neither the Monte Carlo test (p=0.13) nor STEP 1 above are significant, there are no effects direct or indirect.

3.4.2 Sensibility analysis

According to Imai et al. (2010), the Average Causal Mediation Effect (ACME) depends on the sequential ignorability assumption, which states that ACME is identificable only if: first, the treatment variable (PSN) is independent of the mediator (accountability) and outcome (perceived and actual corruption). At the moment, we do not have any reason to believe that PSN is affected by accountability or by the perception of corruption. The second condition states that after controlling by the treatment variable, the mediator (accountability) is not affected by the outcome (perceived and actual corruption). As the last part of the assumption is impossible to test, a sensibility analysis should be run (Imai, Keele, & Tingley, 2010).

Figure A.3.1 shows the analysis of sensibility for the mediation analysis. The ACME is zero when ρ =-0.32. It means that the result that ACME is negative is held at least when ρ <-0.32.

Figure A.3.1. Sensibility Analysis of Perception of Corruption's ACME
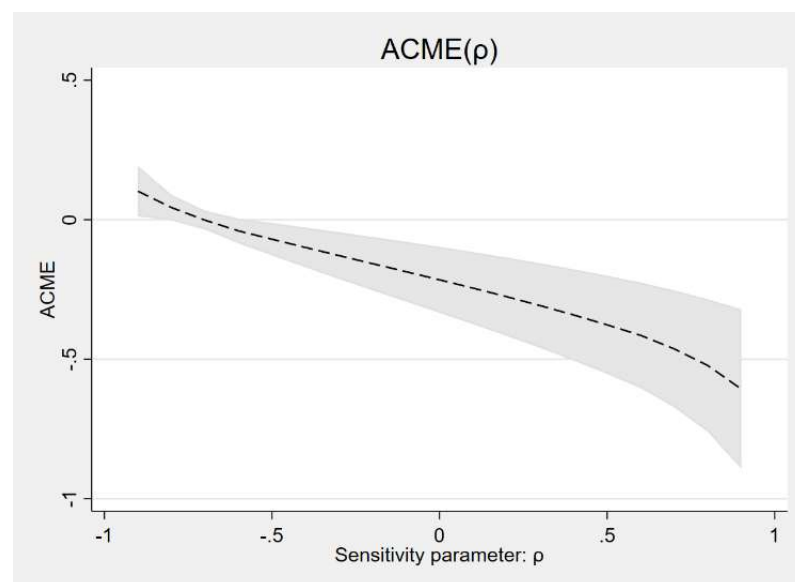
Source: Own elaboration

4.1. Indicators for Party System-Level Analysis

Risk	Variable	Values
Funding	Is there a ban on donations from foreign interests to political parties?	Yes:1 No: 0
Funding	Is there a ban on donations from foreign interests to candidates?	Yes:1 No: 0
Funding	Is there a ban on corporate donations to political parties?	Yes:1 No: 0
Funding	Is there a ban on corporate donations to candidates?	Yes:1 No: 0
Funding	Is there a ban on donations from Trade Unions to political parties?	Yes:1 No: 0
Funding	Is there a ban on donations from Trade Unions to candidates?	Yes:1 No: 0
Funding	Is there a ban on anonymous donations to political parties?	Yes:1 No: 0
Funding	Is there a ban on anonymous donations to candidates?	Yes:1 No: 0
Funding	Is there a ban on donations from corporations with government contracts to political parties?	Yes:1 No: 0
Funding	Is there a ban on donations from corporations with government contracts to candidates?	Yes:1 No: 0
Funding	Is there a ban on donations from corporations with partial government ownership to political parties?	Yes:1 No: 0
Funding	Is there a ban on donations from corporations with partial government ownership to candidates?	Yes:1 No: 0
Funding	Is there a limit on the amount a donor can contribute to a political party over a time period (not election specific)?	Yes:1 No: 0
Funding	Is there a limit on the amount a donor can contribute to a political party in relation to an election?	Yes:1 No: 0
Funding	Is there a limit on the amount a donor can contribute to a candidate?	Yes:1 No: 0
Funding	If there is a limit on the amount a donor can contribute to a candidate, what is the limit?	Yes:1 No: 0
Funding	Is there a limit on in-kind donations to political parties?	Yes:1 No: 0
Funding	Is there a limit on in-kind donations to candidates?	Yes:1 No: 0
Funding	Are donors to political parties/candidates subsequently restricted from participating in public tender/public procurement processes?	Yes:1 No: 0
Funding	Are there provisions requiring donations to go through the banking system?	Yes:1 No: 0
Funding	Are there provisions for direct public funding to political parties?	Yes:1 No: 0

Funding	If there are provisions for direct public funding to political parties, are there provisions for how it should be used ('ear marking')?	Yes:1 No: 0
Funding	Are there provisions for free or subsidized access to media for political parties?	Yes:1 No: 0
Funding	Are there provisions for free or subsidized access to media for candidates?	Yes:1 No: 0
Funding	Are there bans on state resources being used in favor or against a political party or candidate?	Yes:1 No: 0
Funding	Is there a ban on state resources being given to or received by political parties or candidates (excluding regulated public funding)?	Yes:1 No: 0
Funding	Is there a limit on the amount a candidate can contribute to their own election campaign?	Yes:1 No: 0
Funding	Are there provisions regarding political parties engaging in commercial enterprises?	Yes:1 No: 0
Funding	Are there restrictions regarding political parties taking loans in relation to election campaigns?	Yes:1 No: 0
Funding	Are there restrictions regarding candidates taking loans in relation to election campaigns?	Yes:1 No: 0
Funding	Are there limits on the amount a political party can spend?	Yes:1 No: 0
Funding	Are there limits on the amount a candidate can spend?	Yes:1 No: 0
Funding	Are there limits on the amount that third parties can spend on election campaign activities?	Yes:1 No: 0
Funding	Are there limits on traditional media advertising spending in relation to election campaigns?	Yes:1 No: 0
Funding	Are there limits on online media advertising spending in relation to election campaigns?	Yes:1 No: 0
Funding	Do political parties have to report regularly on their finances?	Yes:1 No: 0
Funding	Do political parties have to report on their finances in relation to election campaigns?	Yes:1 No: 0
Funding	Do candidates have to report on their campaign finances?	Yes:1 No: 0
Funding	Do third parties have to submit financial reports on election campaigning?	Yes:1 No: 0
Funding	Is the information in reports from political parties and/or candidates to be made public?	Yes:1 No: 0

Funding	Must report from political parties and/or candidates reveal the identity of donors? (Donors)	Yes:1 No: 0
Funding	Must report from political parties and candidates include itemized income?	Yes:1 No: 0
Funding	Must report from political parties and candidates include information on itemized spending?	Yes:1 No: 0
Funding	Is it specified that a particular institution(s) is responsible for examining financial reports and/or investigating violations?	Yes:1 No: 0
Funding	Is it specified that a particular institution(s) is responsible for overseeing compliance with existing rules against abuse of state resources?	Yes:1 No: 0
Electoral Misconduct	Is there any anticorruption Law?	Yes:1 No: 0
Electoral Misconduct	Is it an offense both to bribe and be bribed?	Yes:1 Just one: 0.5 No: 0
Electoral Misconduct	Does the law criminalize unlawful campaign finance?	Yes: 1 No: 0
Electoral Misconduct	What institution(s) has the power to impose non-criminal sanctions for campaign finance infractions?	1: Electoral tribunal 0.75: Judge 0.5: EMB highest level 0.25: EMB lower level 0: Not specified
Electoral Misconduct	What types of sanctions can be imposed for campaign finance infractions?	1: Cancellation of candidate/party registration for election and less 0.75: Removal from elected office and less 0.5: Suspension of the right to participate in the next national or municipal elections and less 0.25: Withdrawal of public funding and less 0: Fines or not specified
Electoral Misconduct	Which types of election-related misconduct are regarded as criminal offenses?	The number of electoral misconducts: #Electoral fraud #Incentive driven voter coercion #Threat driven voter coercion #Obstructing the electoral process #Offences related to voter registration
Transparency	Global right to information rating	Max value: 150 Min value: 0
Lobby	Is there any law that regulates lobby?	Yes: 1 No: 0
Lobby	Is it mandatory to register lobby?	Yes: 1 No: 0
Lobby	Is it mandatory to register for the meetings?	Yes: 1 No: 0
Lobby	Have citizens access the register?	Yes: 1 No: 0
Lobby	Is there any law that regulates conflict of interest?	Yes: 1 No: 0

EMB	EMB members selected by	1: Judicial branch 0.5: Executive branch 0.25: Legislative branch 0: Not specified/others
EMB	Chair appointed/elected by	1: EMB 0.5: Judicial branch 0.25: Legislative branch 0: Not specified
EMB	Design Budget by:	1: EMB 0.5: Executive/Judicial/Legislative branch 0: Not specified
EMB	Expenditure control by:	1: National Audit Office 0.5: Legislative Power 0: Supreme Court
EMB	Administrative model	1: Independent 0.5: Mixed 0: Dependent

Source: Own elaboration

4.2. Indicators for Political Parties Level Analysis

Risk	Variable	Values
Lack of Transparency	Does the political party have an active web page?	Yes: 1 No: 0
Lack of Transparency	Does the web page have the party manifesto?	Yes: 1 No: 0
Lack of Transparency	Does the web page have the fiscal balance of the party?	Yes: 1 No: 0
Lack of Transparency	Does the web page have a declaration of conflict of interest?	Yes: 1 No: 0
Lack of Transparency	Does the web page have the name and the contacts of party leaders	1: Yes, both 0.5: Just the name of the leaders No: Any information about the leaders
Leaders selection	Is the process of selecting leaders clear?	The number of requirements: #Number of leaders to choose #Ballot structure: list or nominal #Number of votes
Leaders selection	Is the process of selecting leaders democratic? (Executive committee and president)	1: All the members of the party 0.75: Party Assembly 0.25: Party Leaders 0: Not specified
Candidates selection	Is the process of selecting candidates clear?	The number of requirements: #Ballot structure: list or nominal #Number of votes
Candidates selection	Does the party have control over the nomination of candidates?	1: Party leaders 0.5: Party Assembly 0: Not specified
Candidates selection	Is the process of selecting leaders democratic? (Deputies)	1: All the members of the party 0.75: Party Assembly 0.5: Primary elections 0.25: Party Leaders 0: Not specified

Lack of commitment	Does the political party make in its manifestos any mention of anti-corruption measures?	Yes: 1 No: 0
Lack of commitment	Does the party have any extra checks for its finances?	Yes: 1 No: 0

Source: Own elaboration

4.3. Political Parties by Country

Country	Political Party
Argentina	Partido Justicialista
Argentina	Unión Cívica Radical
Argentina	Partido Intransigente
Argentina	Partido Demócrata Progresista
Argentina	Unión Popular
Argentina	Partido Frente Grande
Argentina	Coalición Cívica - Afirmación para una República Igualitaria
Argentina	Partido de la Victoria
Argentina	Propuesta Republicana
Argentina	Compromiso Federal
Argentina	Frente Renovador Auténtico
Bolivia	Movimiento Al Socialismo
Bolivia	Frente De Unidad Nacional
Brazil	Movimento Democrático Brasileiro
Brazil	Partido Dos Trabalhadores
Brazil	Partido Comunista Do Brasil
Brazil	Partido Trabalhista Cristão
Brazil	Partido Da Mobilização Nacional
Brazil	Progressistas
Brazil	Democracia Cristã
Brazil	Partido Social Liberal
Brazil	Partido Social Democrático
Brazil	Rede Sustentabilidade
Chile	Democrata Cristiano
Chile	Ecologista Verde
Chile	Humanista
Chile	Liberal De Chile
Chile	Renovacion Nacional
Chile	Socialista De Chile
Chile	Union Democrata Independiente
Chile	Comunes
Chile	Partido Republicano De Chile
Colombia	G.S.C. Colombia Justa Libres
Colombia	Movimiento Alternativo Indígena Y Social
Colombia	Partido Cambio Radical
Colombia	Partido Centro Democrático
Colombia	Partido Liberal Colombiano
Colombia	Partido Político Mira
Colombia	Partido Polo Democrático Alternativo
Colombia	Partido Social De Unidad Nacional Partido De La U

Costa Rica	Acción Ciudadana
Costa Rica	Frente Amplio
Costa Rica	Liberación Nacional
Costa Rica	Republicano Social Cristiano
Dominican Republic	Partido Revolucionario Dominicano
Dominican Republic	Partido De La Liberacion Dominicana
Dominican Republic	Partido Reformista Social Cristiano
Dominican Republic	Partido Quisqueyano Democrata Cristiano
Dominican Republic	Partido Popular Cristiano
Dominican Republic	Frente Amplio
Ecuador	Partido Sociedad Patriótica 21 De Enero
Ecuador	Partido Social Cristiano
Ecuador	Partido Fuerza Ec
Ecuador	Partido Izquierda Democrática
Ecuador	Movimiento Creo, Creando Oportunidades
Ecuador	Movimiento Alianza País, Patria Altiva Y Soberana
El Salvador	Partido Alianza Republicana Nacionalista
El Salvador	Partido Cambio Democrático
El Salvador	Partido Frente Farabundo Martí para la Liberación Nacional
El Salvador	Partido Demócrata Cristiano
Guatemala	Partido de Avanzada Nacional
Guatemala	Unidad Nacional de la Esperanza
Guatemala	Compromiso Renovacion y Orden
Honduras	Partido Anticorrupcion
Honduras	Partido Democrata Cristiano De Honduras
Honduras	Partido Libertad Y Refundacion
Honduras	Partido Nacional De Honduras
Mexico	Partido Acción Nacional
Mexico	Partido De La Revolución Democrática
Mexico	Partido Verde Ecologista De Mexico
Mexico	Morena
Panama	Partido Revolucionario Democrático
Panama	Partido MOLIRENA
Paraguay	Partido Asociación Nacional Republicana
Paraguay	Partido Liberal Radical Autentico
Paraguay	Partido Encuentro Nacional
Paraguay	Partido Hagamos
Peru	Accion Popular
Peru	Alianza Para El Progreso
Peru	El Frente Amplio Por Justicia, Vida Y Libertad
Peru	Partido Morado
Uruguay	Partido Frente Amplio
Uruguay	Partido Nacional
Uruguay	Partido Independiente
Uruguay	Partido Colorado

Source: Own elaboration

4.4. Legislative Periods

Country	Legislative Period
Argentina	2017-2019*
Bolivia	2015-2019*
Brazil	2019-2022
Chile	2018-2022
Colombia	2018-2022
Costa Rica	2018-2022
Dominican Republic	2016-2020
Ecuador	2017-2021
El Salvador	2018-2021
Guatemala	2016-2019*
Honduras	2018-2022
Mexico	2018-2021
Nicaragua	2017-2020
Panama	2019-2024
Paraguay	2018-2023
Peru	2016-2019*
Uruguay	2015-2019*
Venezuela	2016-2020

Notes: Those periods were analyzed, but the information about the corruption perception index is not updated because they started in 2020.
Source: Own elaboration

Appendix 4.5. Variables and sources

Variable Name	Definition	Years	Resource
CPI	Corruption Perception Index by Transparency Interntional	1995-2018	https://www.transparency.org/en/cpi/2019/index/nzl
Global Corruption Barometer. Latin America and The Caribbean	Public Opinion Survey about Corruption by Transparency International	2017-2019	https://www.transparency.org/en/gcb/latin-america/latin-america-and-the-caribbean-x-edition-2019/results/arg
Political Corruption	How pervasive is political corruption? Uses public corruption, executive corruption, legislative corruption, and judicial corruption	1980-2018	V-Dem https://www.v-dem.net/en/data/data/v-dem-dataset-v111/
Control of Corruption	Control of corruption captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.	1996-2019	https://info.worldbank.org/governance/wgi/

Political Finance Database	The Political Finance Database is a repository of political finance regulations. The database provides answers to fundamental questions on political finance within four broad categories: a) Bans and Limits on Private Income, b) Public Funding, c) Regulations on Spending d) Reporting, Oversight and Sanctions.		https://www.idea.int/data-tools/data/political-finance-database
Electoral Justice Database	The Electoral Justice Database provides global comparative data on electoral dispute resolution mechanisms for 178 countries and territories across the globe.		https://www.idea.int/data-tools/data/electoral-justice
Electoral Managment Design Database	The Electoral Management Design Database focuses on the management of electoral processes by the electoral management bodies (EMBs).		https://www.idea.int/data-tools/data/electoral-management-design
Global Right to Information Rating	The global RTI Rating measures the strength of the legal framework for the right to access information held by public authorities		https://www.rti-rating.org/country-data/
Risk of Corruption	Measures the risk of corrupt behavior at the country level and party level		Risk of Corruption in Latin American Political Parties [Unpublished raw data]. Own elaboration.

Source: Own elaboration

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