

Personalist Leadership and Corruption: Evidence from Third Wave Democracies

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Abstract:

Despite assertions that personalism in politics may cause backsliding and erosion of democracy, systematic empirical analyses of the effects of personalist leadership on the quality of government are still scarce. This study investigates the importance of having parties with a dominant leader in the national government for the integrity of political institutions. Specifically, we test how the prevalence of personalist parties among the ruling coalition affects the levels of grand (political) and petty (bureaucratic) corruption in a country. Given that personalist regimes tend to foster clientelist networks and instill neglect for the rules and chain of command, we expect to register higher levels of corruption among the political elite yet lower levels among the bureaucracy because of the uncertainty and unpredictability associated with the governing style of personalistic leaders. Data from 34 countries in Eastern Europe and Latin America support these expectations and demonstrate the need to better understand the consequences of personalism for good governance.

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Contemporary political systems have recently shown a trend of increase in the role of the personal characteristics of party leaders, government officials, and civil servants. Stark examples of this phenomenon include authoritarian figures such as Russia's Vladimir Putin, Turkey's Recep Erdogan, Brazil's Lula da Silva, Peru's Alberto Fujimori, Libya's Muammar Gaddafi, the Philippines' Rodrigo Duterte, Tunisia's Ben Ali, and North Korea's Kim Jong-un. Features of personalism, however, have also been observed in the political realities of democratic policies, represented by Italy's Silvio Berlusconi, the United States' Donald Trump, and Hungary's Viktor Orban. Individuals in public office enjoy higher levels of discretion over access to and exercise of political power, while collective bodies such as political parties, both in power and in opposition, national legislatures, and administrations lose autonomy and oversight powers. Scholars claim that in the last fifty years, the process of personalization of politics has intensified in both democracies and autocracies.

The salience of personalist leadership has provoked more attention in the literature than ever before. Since governance by the people is a core principle of democracy, the excessive dominance of individuals has long been considered as non-democratic. Therefore, the role of powerful politicians in history is now recognized through its appearance in various theoretical models. There are two strands of scholarship on personalist leadership in the social science literature. One group of studies has focused on the features of personalist leaders and parties and developed instruments for measuring the degree of personalization of various regimes. Another set of studies has started to assess the consequences of personalism in various aspects of public

life. These studies find evidence of the negative effects of personalism on regime durability, leader survival, and countries' overall progress toward democracy.

Significantly less has been done to study how personalist leaders govern once they get access to power, because the phenomenon of personalist leadership is not limited to fringe or short-lived political groups. As more political parties led by charismatic individuals win elections, the need for a better understanding of the consequences becomes urgent. This study advances theoretical arguments and empirical analysis of the effect of personalist leadership on the corruptiveness of the political system. There are good reasons to anticipate that the structural specifics of personalist regimes—concentration of power in the hands of a powerful individual executive—affect in a negative way the integrity of the political process and the behavior of the bureaucracy. We show that personalist parties/leaders rely on a clientelist mode of accountability and responsiveness that creates conditions for systemic corruption among upper and lower echelons of the government.

Our research makes several contributions. First, it contributes to the field of comparative public policy by developing a theoretical model that integrates vertically client-patron exchanges between the leader, the top party functionaries, high-level administrators, “street-level” bureaucrats, and ordinary citizens/voters. Our theoretical framework builds on the costs and gains expected at different levels of these interactions. Second, we offer a cross-national analysis of the impact of personalist incumbents investing in clientelist linkages with followers and supporters on corruption in politics. Third, our study investigates the effects of personalism on the quality of democracy in two regions with nascent democracies, Eastern Europe and Latin

America, and offers important insights for future research on democratization and backsliding in contexts with different pre-transitional legacies.

The paper proceeds as follows. The next section offers a quick review of the literature, with a focus on research addressing the themes of personalist leaders/parties, features, and relevance for their performance once elected to office. Then we develop our theoretical framework and formulate two testable hypotheses. The next section describes the sample, the operationalization of the variables included in the models, and the estimation approach. We follow with the results and their implications for the theory and practice of good governance. The final section concludes and outlines avenues for future research.

PREVIOUS LITERATURE

Extant literature on personalist leadership can be assessed in two main groups, one focused on what personalism is and another—on what its consequences may be. Scholars representing the former are interested in developing conceptual definitions and typologies of individual leadership and political organizations led by prominent individuals (Kostadinova & Levitt 2014, Rahat 2022). This scholarship points at the dominant position in power by a leader and a deficient organization (of his party), in structure and procedure. Weak party organization in general, poorly developed social roots of the political parties, and non-party politics have been identified as offering a fertile ground for personalized politics (Tomsic and Prijon 2013). More recently, researchers built on previous work to identify characteristic features of the phenomenon needed to develop instruments and measure the degree of personalization of various regimes. These studies emphasize the importance of a leader's role in the formation of a party as a vehicle

to achieve a dominant position for himself and his previous engagement in party structures and public office (Frantz et al. 2022).

Another set of studies has started to assess the consequences of personalism for public life. The larger part of this scholarship analyzes authoritarian countries and finds evidence of effects on regime durability and leader's survival (Geddes 1999). Drawing upon extant literature including work by Bueno de Mesquita and his team (2003), scholars have built models of how a personalist leader may withstand challengers, thus explaining the resilience of authoritarian regimes (Bratton and van de Walle 1997, Geddes 1999, Chang and Golden 2010). Other scholars have sought a connection between personalism in politics and development, finding a negative effect of aid in countries with personalized institutions (Wright 2010). As personalism in politics spread to transitional and even some consolidated democracies, attention started to shift to its impact on the state of countries' democratization progress. The conclusions reached in this area associate personalism with an overall backsliding in the state of democracy shown by regress in accountability, growing polarization, raise of populism, and democratic erosion (Rhodes-Purdy and Madrid 2020, Frantz et al. 2021, Frantz et al. 2022).

Significantly less has been done to study *how* personalist leaders govern once they get access to power, because the phenomenon of personalist leadership is not limited to fringe or short-lived political groups. We are aware of just one study that while analyzing malfeasance in various types of authoritarian regimes, recognizes personalistic regimes as most prone of corruption (Chang and Golden's 2010). The authors conclude that it is the structure of a personalist ruling regime, where a small winning coalition is kept loyal through patronage and supply with desirable goods, thus creating clientelist corrupt networks. In the following section

we draw upon this and other studies for a theoretical exploration of the possible effects of personalist leadership on corruption in more competitive political contexts.

THEORETICAL EXPECTATIONS

In building our framework, we start by defining personalism as “the domination of the political realm by a single individual” who, as Erica Frantz and her team specify, holds more power than his party and the resulting policies reflect the leader’s preferences rather than agreements reached among multiple participants (Frantz et al. 2021, 94). In a search for political survival, such leaders cannot rely on ideology or organization because those are not the sources of his power. They would seek continued support from the close circle of party functionaries around him (the winning coalition in Bueno de Mesquita’s terms) and the votes of supporters (the selectorate) in exchange for supplying them with private goods that are not universally accessible. These privileged recipients are expected, in return, to respond with loyalty. This type of exchanges is broadly known as clientelism. As Scott Mainwaring (1999, 180) argues, while clientelism does not fully coincide with corruption, it “easily gives rise to corruption.” Kitschelt (2007, 304-305) concurs by concluding in an analysis of twelve industrial democracies that corruption “almost perfectly traces the intensity of clientelist practices.”

Clientelist Linkages

Patron-client relationships have been analyzed in the literature as harmful practices of noninstitutionalized exchanges based on dependence and nontransparent provision of public goods and services. Mainwaring (1999) identifies a set of characteristic features that separate clientelism from phenomena such as patronage and patrimonialism. These attributes include

inequality in the relationship between participants; reciprocity in the exchange (both sides gain something), albeit uneven; lack of codified rules (public goods are granted for political support of the patron); and face-to-face interaction (Mainwaring 1999, 177). With its hierarchical structure, a personalist regime facilitates the formation of such unequal in power and structure exchanges.

Personalist parties value and seek party loyalty for their political survival. Public jobs, promotions, and public contracts are secured not on the basis of competition and merit but of political criteria in service of the personalist leader and other patrons in the power vertical. As a result, the bureaucracy becomes politicized and internal organizational party control is largely determined by effectively working patron-client exchanges. To further reinforce personalism, the gains from clientelist practices are mainly for the individual politicians rather than the party as an organization (Ames and Power 2007, 191). Elites in personalist parties have careers dependent on the will of the leader and would not work toward maintaining a politically autonomous bureaucracy, neither would they oppose their leader's attempts to undermine the administration (Li and Wright 2023).

Research on Latin American transitional democracies shows that the politicians use extensively patronage to establish and maintain control over their parties; distribute public resource through clientelistic networks to win votes; and rely on patron-client practices to create supportive political alliances (Mainwaring 1999, 176). In the absence or deficiency of ideological and organizational resources to mobilize voters and maintain party coherence, the preference for individual rather than collective distribution of state resources is especially relevant in contexts of weak political competition. In post-Vargas Brazil, the development of the

political parties was marked by “conscious efforts” to integrate with pre-existing patronage networks (Ames and Power 2007, 189-190). The formation and persistence of those networks has been facilitated by two interrelated factors, personalism and patronage. Access to public resources in a powerful state with a federal structure became more important to politicians than adherence to an ideology or principles of party organizational life. As a result, clientelist practices intensified to an extent that some parties “appeared capable of little else.”

Research on post-Communist political systems reveals that power has been significantly personalized while patronage and non-transparent government relations with “friendly circles” broadly practiced (Kostadinova 2012). The legacy of patrimonial Communism contributed, at least in the 1990s, to a more successful parliamentary representation of resourceful independents rather than political parties, in electoral contests won through clientelist exchange (Hale 2007, 250). Studying the process of regime personalization in Russia, Baturo and Elkink (2016) observe extensive patron-client networks among which the “Principate of Putin” gradually consolidated over time. In Ukraine, where personal networks and loyalty to influential individuals rather than ideology dominate the arena of political competition, “the bureaucracy of the state is easy prey for powerful clans and corporate lobbies” (Wilson and Birch 2007, 69).

To sum up, clientelism emerges as a mode of democratic accountability applied in personalist regimes. It is the contingency in the exchange of benefits for political support that makes it preferable for dominant individuals seeking re-election and resisting challengers. To secure resources for the exchange, personalist leaders try to maximize their discretionary powers; to secure compliance, as patrons they organize monitoring and engage in enforcing

clients' compliance. Sanctioning free-riding is more effective in personalist regimes which lack or have weak intermediary structures (Kitschelt and Wilkinson 2007, 20).

Hierarchies of multi-level exchanges

A characteristic feature of a personalist regime that makes it different from other regimes using clientelist patronage is the single-handed leverage of the leader over funds and appointments through discretionary power. The scheme below him is centralized and well organized in multiple levels at which patron-client linkages are cultivated using the vast resources controlled by the state. The main participants in these exchanges are the personalist leader, his party's functionaries, the high-level administrators, the street-level bureaucrats, and the ordinary citizens (voters). The leader is only patron, while the citizens are only clients. The rest perform two functions of both patrons and clients. This pyramid structure of relationships is built on expectations for private gains and costs for non-compliance and exclusion.

The leader distributes appointments (such as ministerial positions or agency heads) to top-level politicians and business opportunities (through procurement) to corporate actors. In a context where concerns about securing power are more important than effective policy implementation, "responsive competence" is more valued than "neutral competence" which leads to politicization of the bureaucracy from the top to the bottom (Praça et al. 2011). These privileged individuals are expected to stay loyal to the leader—the party functionaries not to challenge him and the businessmen to fund him and/or his party. The benefit for non-compliance at this level is if the opposition offers a better deal for opposing the leader or withdrawing support for him. Additionally, side payments from selling legislative influence and targeted procurement to non-participants in the leader's clientele at this level may increase the

reward for free-riders. The costs, however, are possible loss of appointment, position in the party, advantages, and even loss of a business.

On the next level, top-level party functionaries use discretion to appoint particular individuals (supporters) at high levels in the administration, help them with salary increase, promotion, and other benefits. In democracies, leaders backed by personalist parties have been found to weaken state capacity by decreasing the impartiality of the state administration (Li and Wright 2023). The recipients of such favors, high-level bureaucrats are expected to stay loyal to their patron and deliver goods – increase the policy making capacity for implementation of the leader’s policies and monitor the low-level personnel. The cost of non-compliance would be loss of appointment and salary; benefits could be realized from ineffective delivery of targeted goods and payoffs from lower levels of dissent.

For the “street-level” public sector employees, such as policemen and administrative clerks, job security is the most valuable gain they could receive from upper-level bureaucrats. To get it and continue to receive desirable benefits, they are expected to be loyal to their managers, department heads and deliver goods according to policy targeted services. For them, the risk of opportunistic behavior is possible loss of employment, salary, and job-related benefits. The gain of receiving side payments from citizens for services is attractive, as it may form a significant contribution to a street-level bureaucrat’s salary. Such randomly distributed services, however, would undermine the whole idea of targeted service to narrow groups, thus support for the main patron, the leader and his party.

At each level, monitoring and sanctioning of non-compliance is a key to successful performance of clientelist relationships. In any such system, free-riding is easier to detect if i)

smaller groups are targeted and if ii) there is a credible threat of withdrawal of the private good for betrayal or switch to another patron (Kitschelt and Wilkinson 2007, 20). In the case of personalist regimes, effective sanctioning of opportunistic behavior becomes easier for two main reasons. First, the leader enjoys discretionary and centralized power; the former enables him to offer attractive scarce goods and the latter is built on fewer intermediary structures making monitoring more efficient. For this reason, a personalist leader is unlikely to undertake reforms of the public sector; such a reform would reduce his discretionary power (Cruz and Keefer 2015). Second, a personalist leader is unpredictable in his decisions and may quickly change them even within the same day. His tolerance level to free-riding is hard to predict by clients, therefore compliance would be higher than in non-personalist clientelist systems. The latter, we believe may be true even at the level of street-level public employees who are a very large group to monitor and detect cases of dissent.

Thus, two main factors go into play in the calculus of those who choose between absolute loyalty and the temptation to free ride. The first is the relative size of the gain acquired from side payments (bribes, concessions, and such, external to the vertical clientelist scheme) compared to that received from patronage (salary, promotion, and other favors acquired internally). The higher the gains accrued inside the clientelist system topped by the chief patron, the more compliance there would be; vice versa, when the external gains exceed by far the internal, opportunist behavior increases. The second factor is the probability of being caught and punished. If the likelihood of being revealed and sanctioned is high or difficult to measure, officeholders would be more cautious and compliant.

Based on the discussion above, there are reasons to expect that when a personalist leader/party is in power, large-scale clientelism is used for retaining and improving positions in power. Increased targeting of constituencies with politically motivated particularistic goods has been associated in the literature with fraud (Wright 2010, Piattoni and Giglioli 2020). This mode of corruption is structural, “an instrumentally established system” comprised of sophisticated channels in which patrons also extract rents from non-reporting clients’ external activities (Kima 2019, 83). This practice runs vertically up to the top, with the leader also benefiting from such activities. An example would be customs officials who collect huge bribes and extra non-authorized payments for letting traffic of prohibited goods through the border. These officials have to share a portion of their profit with higher administration officials, often up to the very top level, for providing an umbrella of protection from prosecution.

Hypothesis 1: Grand corruption in personalist regimes is higher than when a non-personalist party is in government.

Somewhat different is the situation with low-level public servants who interact with ordinary citizens every day. The amounts they can extract from delivery of scarce goods and services to those outside the group of regime supporters are small relative to the benefits from public sector employment. While valued as a source of additional income (which is not to share with bosses), engagement in such activities would be risky if the likelihood to get caught is too high. In general, street-level service providers are a large group difficult to monitor. However, random exposure of corrupt policemen or office clerks is more likely in a personalist regime than elsewhere. Personalist leaders, more than other politicians, rely on direct contact with individual citizens, seeking their vote and continuous support. Such interactions provide opportunities for placing complaints from greedy public servants who the leader then may

quickly sanction to save prestige and reinforce his statute of savior. Thus, uncertainty in how tolerant the leader at the top would be in each situation could have a constraining role on the practice of bribing at the lower administrative levels.

Hypothesis 2: Petty corruption in personalist regimes is lower or not different from that when non-personalist parties govern.

DATA AND METHOD

Sample

To test the above hypotheses, we draw on panel data from 34 countries from Latin America and Eastern Europe between 1990 and 2020. Specifically, we include 17 countries from each region. Table 1 lists the countries in the sample by geographical subregion. The two regions were selected for the study, as they consist of nascent democracies that have undertaken reforms toward building democratic political systems and market-oriented economies. At the same time, the levels of government integrity vary widely across the regions and within them.

[TABLE 1 ABOUT HERE]

Variable Operationalization

Dependent Variables

Our measures of grand and petty corruption come from the Varieties of Democracy (V-Dem) Project. Specifically, we use Version 13 published in 2023. V-Dem relies on experts to assess key features of democracy that are not directly observable. The project asks five experts per country yearly, drawing on a pool of over 3,700 country experts (Marquardt 2023). To

operationalize *Grand Corruption*, we use a V-Dem item called “executive bribery & corrupt exchanges.” The variable is based on the following question: How routinely do members of the executive (the head of state, the head of government, and cabinet ministers), or their agents, grant favors in exchange for bribes, kickbacks, or other material inducements? The expert responses are coded in order of increasing government integrity, where zero is routine and expected, 1 when it happens more often than not in dealings with the executive, 2 if it happens but is unpredictable: those dealing with the executive find it hard to predict when an inducement will be necessary, 3 for the cases when it happens occasionally but is not expected, and 4 if it never, or hardly ever, happens.

Our *Petty Corruption* variable uses the V-Dem item called “rigorous & impartial public administration.” The question asks experts whether public officials in their countries are rigorous and impartial in the performance of their duties. The variable is coded as zero if the law is not respected by public officials and arbitrary or biased administration of the law is rampant, 1 if the law is weakly respected by public officials and arbitrary or biased administration of the law is widespread, 2 if the law is modestly respected by public officials and arbitrary or biased administration of the law is moderate, 3 if the law is mostly respected by public officials and arbitrary or biased administration of the law is limited, and 4 if the law is generally fully respected by the public officials and arbitrary or biased administration of the law is very limited.

While both measures are originally coded from zero to four, the V-Dem transforms the ordinal-level values into interval-level ones by aggregating expert-coded data with a measurement model to increase data reliability and account for potential biases. The resultant

variables are point estimates of the latent trait and range from –5 to 5. For the countries in our sample, *Grand Corruption* averages 0.13 and ranges from -2.69 (Paraguay) to 3.05 (Estonia), with higher values indicating more ethical government. *Petty Corruption*, respectively, has a mean of 0.92 for our sample and varies between -1.09 (Guatemala) and 3.24 (Estonia), with higher values indicating more rigorous and impartial bureaucracy. In other words, both corruption measures are inversely coded, which affects the interpretation of the regression coefficients in the data analysis. Table 2 reports descriptive statistics for all variables included in the models.

[TABLE 2 ABOUT HERE]

Measuring Ruling Party Personalism

To assess the prevalence of personalistic parties among the ruling coalition, we rely on a new Personalist Political Parties Data Set (Frantz et al. 2022). Personalist ruling parties are defined as “those where the leader has greater control over the party than do other senior party elites.” The variable developed by Frantz and colleagues (2022) is a continuous measure of personalism based on eight binary indicators capturing the relationship between the leader and the party prior to becoming chief executive. The variable ranges from zero to 1, with higher values indicating higher levels of personalism in the ruling party of a country.

For the countries in our data set, *Ruling Party Personalism* has an average value of 0.59 and varies from 0.17 to 1, with the lowest values found in Colombia, Venezuela, and Argentina and the highest in Bulgaria, Latvia, and Slovenia.

Control Variables

The models include a set of control variables to account for alternative explanations of the levels of grand and petty corruption in a country. Prior research has demonstrated that consolidated democracies experience less corruption (Fisman and Gatti 2002; Goel and Nelson 2010; Treisman 2007). We operationalize the quality of democracy in a country (*Democracy*) using a measure developed by the Polity5 Project. The variable ranges from -10 (strongly autocratic) to 10 (strongly democratic).

Investigative journalism exposes corrupt politicians (Lambsdorff 2007), and countries with independent media witness fewer cases of unethical behavior among public officials (Brunetti and Weder 2003; Chowdhury 2004). The Freedom House has developed the Freedom of the Press Index to assess the independence of national media from political intrusion across the globe on a scale from zero (most free) to 100 (least free). In our analysis, we use the ordered variable indicating the freedom of the press status, where zero indicates not free and is assigned to countries with index scores between 61 and 100 scores, 1 stands for partly free status and is given to countries scoring from 31 to 60, and finally, 2 equals to free status and goes to countries having scores from zero to 30. Press Freedom varies widely across the countries in our data set, spanning the whole spectrum from zero (not free) to 2 (free).

Further, a more educated citizenry could keep the governments more accountable and is associated with lower levels of corruption (e.g., Chen and Neshkova 2020; Lindstedt and Naurin 2010). To account for the education level of country residents, we use the mean years of schooling in a country (*Education*), which is part of the United Nations' Human Development Index.

Finally, our models control for the impact of electoral laws which set different rules for competition relevant to the practice of malfeasance (Chang and Golden 2006). While the literature is not conclusive on which electoral method is less “corrupt,” we account for such a possibility. This control variable reflects the number of legislative seats allocated through a proportional (PR) principle (*Proportional Electoral System*). A value of zero means that a country utilizes a majoritarian system (i.e., no % seats are contested through PR) to elect the members of its legislature. A value of 100 denotes a fully proportional system, while values in-between indicate mixed electoral rules. In our sample, the majority of countries use proportional electoral systems.

Estimation Routine

Given the continuous nature of our dependent variables (*Grand Corruption* and *Petty Corruption*), we estimate an ordinary least squares regression model. To take into account the panel structure of our data, all models employ two-way fixed effects (year and country). Including year fixed effects in the specification accounts for unobservable factors, such as aggregate economic conditions that might affect all observations in the same year. Country fixed effects, on the other hand, capture time-invariant country-specific characteristics. We use robust standard errors to correct for heteroskedasticity. In the robustness section, we verify our results using alternative estimation approaches.

RESULTS

Tables 3 and 4 report the coefficient estimates for grand corruption and petty corruption, respectively. Each table consists of four models. The estimation in column 1 uses

only the main variable of interest, *Ruling Party Personalism*, and two-way fixed effects. Column 2 contains the estimates from a comprehensive specification that controls for other possible determinants of the level of corruption in a country. Columns 3 and 4 present the results of the estimation of this comprehensive specification using subsamples for region—Latin America and Eastern Europe, respectively.

[TABLE 3 ABOUT HERE]

We start with the results for grand corruption in Table 3. Governments headed by highly personalistic parties are associated with more extensive grand corruption, as indicated by the negative and significant at 1% and 5% coefficient of *Ruling Party Personalism* in columns 1 and 2. As discussed in the variable operationalization section, the *Grand Corruption* variable is coded from -5 to +5 where higher values denote a more honest government, while *Ruling Party Personalism* ranges from zero to 1 with higher values associated with higher levels of personalism. Thus, a negative estimate of the coefficient of *Ruling Party Personalism* would suggest that as personalism increases, so does corruption. From the estimates in column 1 we infer that an increase of 10% in the variable capturing ruling party personalism leads to about a .038 rise in grand corruption. Similarly, the estimated effect in column 2 is about .028.

From the estimations reported in columns 3 and 4, we note that the effect of *Ruling Party Personalism* is primarily driven by the countries from Eastern Europe, as the coefficient of the main explanatory variable is negative and significant at the 1% level. In the context of Eastern Europe, the estimated relationship is close to one-to-one, with the coefficient estimate

of -.905. In contrast, the coefficient of *Ruling Party Personalism* is small and fails to reach statistical significance at conventional levels in the Latin American subsample.

Moving to control variables, we see that the effects of most control variables in column 2 are in the expected direction. More consolidated democracies experience less grand corruption. The coefficient of *Democracy* is positive and significant at the 1% level, indicating that more established democratic institutions are also cleaner. Given the role of investigative journalism in exposing corrupt politicians, the coefficient of *Press Freedom* is in the expected positive direction and is significant at the 1% level. More freedom of the press is associated with less grand corruption. Further, we note that the type of electoral system in a country affects the level of grand corruption, with more proportional systems being associated with lower grand corruption, as shown by the positive and significant at the 5% coefficient. Finally, the effect of *Education* runs opposite to the expectations, with countries with higher average scores on education experiencing higher levels of grand corruption. Similar to the pattern documented for the estimated effect of the main variable of interest, we note that the effects of the control variables are driven largely by the Eastern European countries, including the negative link between education and corruption. Interestingly, the variable capturing the level of education of the country's residents is the only statistically significant variable in the Latin American subsample and its effect is in the expected direction—countries with more educated citizenry are less tolerant toward corrupt politicians.

[TABLE 4 ABOUT HERE]

The models in Table 4 investigate the effect of the level of personalism of the ruling party on petty corruption. All of them account also for the level of grand corruption in a country, reflecting the popular saying that a fish rots from the head down. As the estimates in columns 1 and 2 show, when the ruling party is more personalistic, there are lower levels of petty corruption in the country. The coefficient of *Ruling Party Personalism* is positive and significant at the 1% level in Model 2. To interpret, an increase in the levels of personalism of 10% is associated with an increase in the dependent variable of about .018. Because this is an inverse measure of corruption, increases in personalism correlate with less petty corruption. In contrast to the case of grand corruption, the results here are driven by the Latin American sample, as evident from the entries in columns 3 and 4.

Among the control variables, *Grand Corruption* turns out statistically significant, suggesting that in contexts of corruption at the top levels of government, street level bureaucrats tend to be more likely to take bribes. This is regardless of whether there is a ruling personalist party or not and regardless of region. From the rest of the controls, only *Press Freedom* and *Proportional System* show statistical significance, both in the same direction as the tests reported in Table 3. Countries with free media and higher percent of legislative seats distributed through the proportional principle foster higher ethics in the bureaucracy. Interestingly, the effect of *Press Freedom* is (again) driven by the Eastern European subsample, while the effect of *Proportional System* - by the Latin American cases.

Given the panel structure of our data, we also estimate all models with panel-corrected standard errors as a robustness check. The approach assumes that the errors exhibit both heteroskedasticity and cross-sectional correlation. In these models we retain the country fixed

effects. The results, reported in the Appendix, provide similar insights to those derived from the original estimations.

DISCUSSION AND CONCLUSIONS

Overall, the results of our first empirical tests offer support for the hypothesized impact of ruling personalist parties/leaders. A closer investigation of the estimated effects reveals that the findings differ across the two regions. The results for the influence of personalist governments on petty corruption are strong and as expected for Latin America but not suggestive at for the post-Communist countries. In contrast, evidence for the hypothesized personalist impact on grand corruption is solid in the East European context but not detected in the Latin American data. Why is this the case? Future research needs to seek answers to this question, including by analyzing differences inherited from the previous non-democratic systems of government and administrative practices.

Another interesting finding is that grand corruption appears to affect strongly the occurrence of petty corruption in both Latin America and Eastern Europe. In other words, the cleaner a country is on government corruption, the less likely it is that misuse of office would be practiced at the lowest levels of the bureaucracy. This is an empirical result that reveals the same impact for each of the regional subsamples.

Our results might have been affected by the measures we use. It is well known how challenging it is to observe and accurately gauge both corruption and personalist leadership. We plan to run more robustness checks using alternative measures of grand corruption (for example, the World Bank Control of Corruption Index and other available indices) and of

personalism of the ruling coalition (V-party index of party personalism). Such tests will help assess the validity of our current findings and move to the next steps in our research project.

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Table 1. Countries in the Sample by Subregion

Latin America (17 countries)	
North America	Mexico
Central America	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama
South America	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela.

Eastern Europe (17 countries)	
The Balkans	Albania, Bulgaria, Montenegro, Romania, and Serbia.
	Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania,
East-Central Europe	Moldova, Poland, Russia, Slovakia, Slovenia, and Ukraine.

Table 2. Descriptive Statistics for the Variables in the Models

Variable	Mean	St Dev	Min	Max
<i><u>Dependent Variables</u></i>				
Grand Corruption	0.13	1.27	-2.69	3.05
Petty Corruption	0.92	1.02	-1.09	3.24
<i><u>Main Explanatory Variable</u></i>				
Ruling Party Personalism	0.59	0.19	0.17	1
<i><u>Control Variables</u></i>				
Democracy	8.15	3.76	-88	10
Press Freedom	1.31	0.59	0	2
Education	9.16	2.42	3.64	13.66
Proportional System	88.1	24.64	0	100

Table 3. Predicting the Effect of Ruling Party Personalism on Grand Corruption

	(1)	(2)	(3)	(4)
	All	All	Latin America	Eastern Europe
Ruling Party Personalism	-0.379*** (0.113)	-0.282** (0.110)	0.169 (0.122)	-0.905*** (0.208)
Democracy		0.015*** (0.005)	0.003 (0.039)	0.012** (0.005)
Press Freedom		0.164*** (0.049)	0.089 (0.067)	0.250*** (0.087)
Education		-0.101** (0.047)	0.099* (0.052)	-0.234*** (0.076)
Proportional System		0.003** (0.001)	0.005 (0.003)	0.003** (0.001)
Constant	0.164 (0.116)	0.125 (0.409)	-1.546** (0.720)	1.948*** (0.634)
Year FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Observations	875	852	438	414
Adjusted R-squared	0.880	0.885	0.901	0.855

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4. Predicting the Effect of Ruling Party Personalism on Petty Corruption

	(1)	(2)	(3)	(4)
	All	All	Latin America	Eastern Europe
Ruling Party Personalism	0.112* (0.065)	0.182*** (0.067)	0.311*** (0.089)	-0.002 (0.117)
Grand Corruption	0.355*** (0.024)	0.338*** (0.025)	0.274*** (0.034)	0.356*** (0.032)
Democracy		-0.002 (0.001)	-0.123*** (0.017)	-0.002 (0.002)
Press Freedom		0.142*** (0.033)	0.007 (0.037)	0.310*** (0.063)
Education		0.040 (0.027)	-0.001 (0.037)	-0.019 (0.044)
Proportional System		0.001* (0.001)	0.008*** (0.002)	0.000 (0.001)
Constant	0.783*** (0.079)	0.300 (0.222)	1.032*** (0.352)	0.135 (0.392)
Year FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Observations	875	852	438	414
Adjusted R-squared	0.935	0.937	0.954	0.923

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

APPENDIX

Robustness Checks

Table 5. Predicting the Effect of Ruling Party Personalism on Grand Corruption

	(1)	(2)	(3)	(4)
	All	All	Latin America	Eastern Europe
Ruling Party Personalism	-0.350*** (0.114)	-0.188* (0.113)	0.131 (0.123)	-0.704*** (0.247)
Democracy		0.013** (0.006)	0.001 (0.031)	0.011** (0.006)
Press Freedom		0.132*** (0.047)	0.107** (0.052)	0.172** (0.078)
Education		0.014 (0.015)	0.038** (0.015)	-0.017 (0.025)
Proportional System		0.003** (0.001)	0.006*** (0.002)	0.003** (0.001)
Constant	0.093* (0.057)	-0.689*** (0.185)	-1.202*** (0.363)	-0.229 (0.328)
Country FE	Yes	Yes	Yes	Yes
Observations	875	852	438	414
R-squared	0.885	0.890	0.909	0.856

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 6. Predicting the Effect of Ruling Party Personalism on Petty Corruption

	(1)	(2)	(3)	(4)
	All	All	Latin America	Eastern Europe
Ruling Party Personalism	0.023 (0.061)	0.136** (0.067)	0.327*** (0.077)	-0.193* (0.108)
Grand Corruption	0.343*** (0.027)	0.310*** (0.025)	0.252*** (0.031)	0.315*** (0.028)
Democracy		-0.000 (0.003)	-0.117*** (0.019)	-0.002 (0.003)
Press Freedom		0.130*** (0.033)	-0.025 (0.043)	0.307*** (0.055)
Education		0.095*** (0.014)	0.071*** (0.019)	0.086*** (0.014)
Proportional System		0.001* (0.001)	0.007*** (0.002)	0.001 (0.001)
Constant	1.094*** (0.049)	-0.020 (0.155)	0.744*** (0.282)	-0.858*** (0.161)
Country FE	Yes	Yes	Yes	Yes
Observations	875	852	438	414
R-squared	0.926	0.935	0.953	0.921

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1