



# Using institutional multiplicity to address corruption as a collective action problem: Lessons from the Brazilian case



Lindsey D. Carson<sup>a,b,\*</sup>, Mariana Mota Prado<sup>c</sup>

<sup>a</sup> Arnold & Porter, LLP, United States

<sup>b</sup> The Paul H. Nitze School of Advanced International Studies (SAIS), Johns Hopkins University, United States

<sup>c</sup> University of Toronto Faculty of Law, Canada

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## ABSTRACT

The academic literature has traditionally framed corruption as a principal-agent problem, but recently scholars have suggested that the phenomenon may be more accurately described as a collective action problem, especially in cases of systemic and widespread corruption. While framing corruption as a collective action problem has proven useful from a descriptive point of view, it has not offered many helpful suggestions for policy reforms. This paper tries to address this gap by suggesting that “institutional multiplicity” (a concept used other areas of research but not in the corruption literature) could be a feasible reform strategy to deal with corruption as a collective action problem. The paper distinguishes between proactive and reactive institutional multiplicity, and argues that the latter’s creation of separate institutions could potentially reduce the costs for those who are inclined to engage in principled behavior to deviate from the standard corrupt behavior that prevails in society. This allows for incremental, but potentially very transformative change. Also, institutional multiplicity allows for the creation of new institutions without dismantling the existing ones. It is therefore less likely to face political resistance from interests who benefit from the status quo. We provide some anecdotal evidence to support this claim by analyzing Brazil’s recent surge of anti-corruption efforts which could be, at least in part, attributable to the existence of institutional multiplicity in the country’s accountability system. In addition to offering a hypothesis to interpret recent experiences with combating corruption in Brazil, the paper also has broader implications: if the hypothesis proves correct, institutional multiplicity could help reformers in other countries where corruption is systemic.

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## 1. Introduction

Initiatives to combat corruption have generally focused on individuals, changing their roles, decisions, or incentives. Most anti-corruption programs follow the theoretical frameworks embraced by conventional criminal deterrence and punishment regimes which seek to prevent and redress the societal harms caused by criminal activity by targeting the conduct of individual actors; specifically, drawing on the rational actor and principal-agent models of decision-making, tactics generally focus on raising the costs of misconduct while reducing opportunities for individuals to engage in such illicit activities (Becker, 1962; Cooter & Ulen, 2012; Garoupa, 2003).

\* Corresponding author.

E-mail address: [mariana.prado@utoronto.ca](mailto:mariana.prado@utoronto.ca) (M.M. Prado).

In contrast, a growing body of literature conceptualizes corruption as a collective action problem (Mungiu-Pippidi, 2011; Persson, Rothstein, & Teorell, 2013; Sánchez, 2015). As such, an individual may rationally choose to engage in corrupt behavior in a context in which a significant number of other individuals are also acting corruptly. While this literature has shed a great deal of light on the phenomenon, especially in contexts where corruption is systemic, it has been largely underdeveloped with regard to strategies to combat corruption effectively. In an attempt to fill in this gap, this article suggests that institutional multiplicity in an accountability system may be an effective strategy to address corruption as a collective action problem.

Section 1 of the article begins by presenting the dominant theoretical lens through which corruption has conventionally been viewed, the principal-agent model, and examines its limitations. Section 2 introduces more recent literature suggesting that the collective action model may provide a more accurate explanation for the ways in which corruption arises and persists within

**Table 1**  
Examples of principal-agent relationships.

Principal	Agent
Electorate	Elected officials
Elected officials	High-ranking bureaucrats
High-ranking bureaucrats	Low-ranking bureaucrats, subordinates
Corporate shareholders	Corporate directors, executives
Corporate directors	Corporate managers
Corporate managers	Subordinate employees

Compiled by the authors.

organizations and societies and reviews the (limited) scholarship on the performance of anti-corruption projects and policies oriented around that approach. Section 3 imports the concept of institutional multiplicity from other areas of research, and suggests it could serve as a mechanism to combat corruption as it addresses both the collective and the individual factors that may encourage (or, at least do not prevent) individuals to act corruptly. Section 4 focuses on recent developments in Brazil's anti-corruption efforts to illustrate the potential effectiveness of institutional multiplicity in battling this pernicious phenomenon, while Section 5 concludes.

## 2. Corruption as a principal-agent problem

For decades, the principal-agent (P-A) model has provided the theoretical basis for much of the research on corruption, and has informed the design and implementation of most contemporary anti-corruption initiatives (Andvig & Fjeldstad, 2001; Lawson, 2009; Rothstein, 2011). In a 2011 meta-analysis of 115 studies examining corruption's impacts on economic growth, Ugur and Dasgupta found that every study "adhered to an explicitly stated principal-agent approach to corruption" or was "closely related to that approach" (2011: 43).

### 2.1. The principal-agent model of corruption

As described in the broader economics and political science literature, a principal-agent problem arises when a Principal (P) requires the services of an Agent (A) but lacks the information necessary to oversee A's performance effectively. Closely associated with the work of Rose-Ackerman (1978) and Klitgaard (1988), the P-A model explains corruption as the result when P is unable to monitor A adequately, and A exploits that information asymmetry to betray P's interests in pursuit of her<sup>1</sup> own (Andvig & Fjeldstad, 2001; DFID, 2015). For example, in a situation involving the embezzlement of public funds by an elected official, the official would represent the corrupt A while the citizenry would be the wronged and poorly informed P. Table 1 provides examples of other possible P-A relationships:

However, the P-A model of corruption is based on several core assumptions that may not hold true across a variety of contexts. First, the framework assumes a divergence in the motivations and objectives of P and A, namely that P is a "principled," benevolent principal while A is a self-interested agent (Klitgaard, 1988). Given the common definition of corruption as the "misuse of entrusted power for private benefit" (OECD, 2008; Transparency International, 2015), in situations in which corruption has occurred, the inference that some actor (such as an A) has abused her position to self-interested ends may generally go unchallenged, but the assumption that P is principled deserves further scrutiny. Particularly in environments in which corruption has become endemic, there may be a notable lack of such benevolent principals (Booth &

Cammack, 2013; Persson et al., 2013). For instance, in government bureaucracies dominated by patronage networks, political elites who are able to derive rents from the corrupt behaviors of their subordinates may face weak incentives to expose or punish the misconduct of those underlings and may in fact actively endeavor to maintain and protect corrupted systems (Johnston, 2005).

Second and relatedly, the supposition that Ps would hold As accountable if only they possessed adequate information about those agents' activities has not been supported consistently by empirical or anecdotal evidence. For example, the P-A framework would expect the citizenry in a democracy to vote out of office politicians whose corrupt behaviors have been publicly exposed. In reality, however, "there are numerous examples of how voters fail to replace their corrupt politicians and, in some countries, this seems to be the rule rather than the exception," particularly in countries characterized by weak or clientelistic democratic systems (Søreide, 2014: 38). Policy or political concerns beyond corruption (Manzetti & Wilson, 2006; Rundquist, Strom, & Peters, 1977), a lack of non-corrupt alternatives (Caselli & Morelli, 2004; Kurer, 2001; Messner & Polborn, 2004), or even the rules and the structure of the electoral system itself (Kunicova & Rose-Ackerman, 2005; Myerson, 1993; Persson, Tabellini, & Trebbi, 2003) may explain this seemingly irrational reluctance of voters to punish corrupt officials at the ballot box.

Finally, even if P-A theory accurately describes the way corruption functions in a given environment—i.e., Ps are principled and would hold corrupt As accountable if possessed of adequate knowledge—the problem of information asymmetries and the imbalances of power they create persist. Even if systems could be designed to heighten the ability of Ps to monitor and oversee the behaviors of their As, that information will never be perfect due to recognized human cognitive limitations related to the gathering, processing, and retaining of information (Bobonis, Cámara Fuertes, & Schwabe, 2015; Jolls, Sunstein, & Thaler, 1998; Simon, 1955).

### 2.2. The limitations of conventional anti-corruption initiatives

Reflecting the dominance of the P-A model in corruption scholarship, conventional anti-corruption reforms have typically focused on changing the incentives facing potentially corrupt actors and better aligning the interests of agents with their principals. Such policies and interventions often include creating or strengthening mechanisms that allow Ps to monitor and sanction their As, increasing overall organizational transparency, and reducing the level of discretion exercised by low-level bureaucrats and employees (Andvig & Fjeldstad, 2001; Marquette & Peiffer, 2015; UNDP, 2004).

While the growing prominence of corruption on the global development agenda over the past few decades has resulted in the widespread adoption of such reform strategies in countries around the world, to date, evidence on the impact and success of these initiatives has been notably underwhelming (Doig, Watt, & Williams, 2007; Fjeldstad & Isaksen, 2008; Mungiu-Pippidi, 2011). In fact, meta-analyses of studies on various anti-corruption initiatives indicate that the evidence of their efficacy is generally weak or, at best, fair, with medium-to-strong evidence of effectiveness found only with public financial management reforms, such as public expenditure tracking systems (PETS) (DFID, 2015: 84; Johnson, Taxell, & Zaum, 2012: 41).

The disappointing results of anti-corruption initiatives based on the incentive-oriented P-A approach appear, in some cases, attributable to the framework's often-inaccurate assumptions, described in the previous section. For instance, in many countries, there may be a dearth of principled stakeholders willing to implement and enforce effective disclosure, monitoring, investigating, and sanctioning policies and laws (Amundsen, 2006;

<sup>1</sup> For the sake of consistency, throughout this article we use feminine pronouns, but all such references should be considered effectively gender-neutral.

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