CHAPTER EIGHT

Corruption Isn't Inevitable, But...

Hark! Hark! Hark! Hark! Hark! Hark!

Victorious messenger riding comes, riding comes, riding comes....

In view of her coronation, Her Majesty has decreed that the prisoner Macheath

forthwith be freed.   (Hurray!).

Also of this moment he receives the rank of Knight of the Garter, a castle at Mucking on the

Creek, Sussex, and an annual pension for life of 10,000 pounds to the day of his death.

(Hurray!)

And to all the charming wedding couples here the Queen presents her royal felicitations....

Oh, I had no doubt...As the need is sorest, the answer comes soonest....

So now the story happily has ended, if only rights so easily were mended

and our real world messenger descended.

From "Finale: The Mounted Messenger," Berthold Brecht and Kurt Weill, *The Threepenny*

Opera

While the inequality trap framework is also one of pessimism, it is not quite so hopeless.

Some societies *do escape* high inequality, low trust, and high levels of corruption, most notably

the Nordic countries (Sweden, Norway, and Finland).[1]   Other countries, especially the United

States, have fall in the middle range of inequality and trust (both decreasing over time), but

modest levels of corruption. Within the United States, the level of corruption is not uniform.

Some states have relatively clean government, others are more corrupt. In this chapter, I first show, using the 1995-1997 wave (Wave 3) of the World Values Survey, that there is little evidence of an inequality trap in the Nordic countries. I briefly examine possible reasons why these countries have escaped–or overcome–this trap. Then I examine survey data from the United States showing only limited support for an inequality trap. An aggregate analysis of perceived corruption in the American states provides a different perspective: States with high levels of inequality, and especially racial inequality in poverty, as well as low generalized trust are more corrupt, just as my framework would expect.

Equal, Trusting, and Honest: The Nordics

The Nordic countries are the most trusting and the least corrupt in the world, with mostly high-to-above average levels of economic equality. In the 2005 TI Corruption Perceptions Index, Finland ranks third, Sweden sixth, and Norway eighth (with Iceland in first place and Denmark in fourth). No other group of countries comes even close to these high rankings. The publics in these countries also perceive their societies as very honest. Finns and Norwegians rank first and second on the TI Global Corruption Barometer's question on petty corruption (followed by Denmark and Iceland in fourth and fifth place, Swedes were not surveyed). They also see very little grand corruption with Finland and Norway ranking second and fourth (Denmark was third and Iceland seventh). In the 1995-97 World Values Survey, which I use to test the inequality trap thesis below, Norway and Finland ranked first and second of 51 countries in seeing their leaders as honest, while Sweden was seventh.

The Nordic countries are the most trusting countries in the world, with Norway and Sweden always battling for first and second place in surveys, with Finland not far behind (in

seventh place in my trust measure).[2]   The Nordic levels of trust are so high that some observers

wonder whether they fit a larger pattern or are truly exceptional (Delhy and Newton, 2004).   And

they are also relatively equal: The World Bank data ranks Finland 12th out of 88, with Sweden

only 32nd and Norway just 38th. The more recent WIDER estimates place Sweden and Norway

ninth and tenth out of 75 nations, with Finland at 23rd. The Nordic countries are clear examples

of nations that have escaped the inequality trap–and are "caught" in the "virtuous cycle" of

relatively low inequality, high trust, and low corruption.

Where inequality and corruption are less bothersome, people will be less likely to make a

connection between them. I examine the 1995-97 wave of the World Values Survey (WVS) and

present a probit model for perceived corruption among a country's leaders.   The WVS has no

direct questions on inequality, but two measures are serviceable: how much poverty there is in

the country and whether income differences are needed as incentives for effort. Beyond these

measures, I also include in the model generalized trust, confidence in public institutions (the

police, the parliament, the civil service), two measures of basic human character (whether

competition brings out the worst in people and whether people prefer a strong sense of order or

individual freedom), three measures of what Letki (2006) calls "civic morality"–the acceptability

of cheating on taxes, buying stolen goods, and offering bribes–and demographics. I expect that

people who worry about competition and who prefer order to freedom would be more likely to

see more corruption. People who see cheating on taxes, buying stolen goods, and bribes as more

acceptable would be more likely to see more corruption.[3] Older people, who might remember

days when government was less honest, should see more corruption, while more educated and

higher income people would see less malfeasance.

I present the probit model in Table 8-1.   The proxy measures of inequality are not significant. By far the most important factors shaping perceptions of corruption are levels of confidence in institutions, especially the civil service and the police.   People in the Nordic countries are most likely to see little corruption in public life if they believe that they are represented by public servants who actually serve the people. People with the highest level of confidence in the civil service are 25 percent less likely to see their leaders as corrupt; the effects of confidence in the police and the parliament are only slightly smaller (20 and 17 percent, respectively). Confidence in other people and in public institutions leads people to see their governments as clean. Seventy two percent of Nordic respondents see their governments as honest, compared to 32 percent in other countries.

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Table 8-1 about here

The establishment of a professional and honest civil service loomed large in the development of the Nordic welfare state in the late 19th century The uncorruptability of the civil service played a large role in resolving class conflicts in Sweden and in ensuring public support for a large role for the state in social insurance (Elvander, 1979; Flora, 1986; Rothstein and Uslaner, 2005, 57).   Confidence in the bureaucrats who deliver essential services looms large in public evaluations of government honesty.   The variable that has the strongest statistical significance is confidence in the police. The Nordic countries rank much higher than other nations on confidence in the police: 82 percent of Nordics, compared to 52 percent in other nations express faith in law officers. All three Nordic countries rank at the top on the measure of legal fairness and they also rank 13th, 14th, and 16th in Freedom in the World's measure of

impartial justice (out of 81 nations). Rothstein (2001, 491-492) cites confidence in the police as a key reason why Swedes have so much faith in their fellow citizens.   Other values don't loom large in predicting corruption (discussed in n. 4).[4]

Trust is also central to perceived corruption. People who trust their fellow citizens are nine percent less likely to see their leaders as corrupt. And here is much of the story of how the Nordic countries escape the inequality trap. The foundations of the modern welfare state in Nordic countries and high levels of social trust stem from a historical tradition of equality (Flora, 1986). As early as the 13th century, farmers in Sweden had representation in the parliament. Peasants owned their own land and were not subject to control by wealthy landowners (Rothstein and Uslaner, 2005, 57).   The Nordic countries developed strong institutions as they formed a commitment to an egalitarian social order–and it is not clear which came first or if, indeed, they emerged together.

The Middle Case: The United States

The Nordic countries have high levels of trust and low corruption at least in part because they have no history of feudalism. Neither does the United States, which never developed the sharp class conflicts of many European nations (Sombart, 1976). The American war of independence was a rebellion against the highly stratified European class system and the egalitarian ethos that has played such a large role in American society stemmed from this conflict (Wildavsky, 1989, 284). Two hundred years later 74 percent of Americans agreed that teaching that some types of people are better than others violates basic national values (McCloskey and Zaller, 1984, 66). When the Englishman Lord James Bryce (1916, 813) toured the United States at the end of the 19th century, he was struck by the centrality of egalitarian values in American

society:

> There is no rank in America, that is to say, no external and recognized stamp,
>
> marking one man as entitled to any social privileges, or to deference and respect
>
> from others.

The egalitarian foundation of the American nation is different from the Nordic--and more widely understood–notion of equality. Central to the American identity is social equality and especially equality of opportunity–everyone has the same chance to succeed by their own efforts–rather than uniformity of results-- a right to equitable distributions of income or wealth (Hartz, 1955).

America was the land of plenty, the foundation of generalized trust. *The Economist* (1987, 12) wrote: "Optimism, not necessity, has always been the mother of invention in America. To every problem–whether racial bigotry or putting a man on the moon–there has always been a solution, if only ingenuity and money were committed to it." The historian Henry Steele Commager (1950, 5) summed up the American sense of optimism: "Nothing in all history had succeeded like America, and every American knew it." Tocqueville (1945, 122-123), a French visitor to the New World, saw Americans as embodying generalized trust. They developed faith in people you don't know by pushing aside your own short-term interests for the common good, what Tocqueville called "self-interest rightly understood."

The first time the trust question was asked in a national survey (1960), almost 60 percent of Americans agreed that most people can be trusted (Almond and Verba, 1963). Since then, there has been almost a linear decline in the level of trust among the American public–and it closely tracks the rise in economic inequality (Uslaner, 2002, 6, 186-187).   Trust has fallen to between 33 and 36 percent, where it has fluctuated since the mid-1990s. Economic inequality

has increased by 25 percent from the mid-1960s to the early years of the 21st century.[5]   The

United States ranks 20th in trust among 94 nations and either 54th or 55th in the level of economic

inequality (using the World Bank and the WIDER gini indices, respectively). As inequality

increased, the optimism that had marked American society for so many years gave way to a

greater wariness for the future and lower levels of trust in people who might be different from

yourself.

American history has not been an unmitigated story of low inequality and high trust.

Huntington (1981) details the cycles of "creedal passion," of optimism and trust alternating with

ethnocentrism, fundamentalism, and anti-immigrant and anti-foreigner sentiments. The nation

that was founded on social equality was torn apart by immigration and the Industrial Revolution.

In the late 19th and early 20th century, labor and race relations were often marked by violence

rather than cooperation. The immigrants who came to the United States fell prey to political

machines, notably those led by George Washington Plunkitt (see Chapter 1) and Martin Lomasny

(see Chapter 2). Journalists and historians made their reputations in exposing wrongdoing by

politicians and businesses (Josephson, 1938; Steffens, 1931).   The radical novelist Upton

Sinclair won fame with his 1906 expose of the dangerous meatpacking industry in Chicago and

its protection by political leaders. His novel, *The Jungle*, propelled a political career culminating

as the (unsuccessful) Democratic candidate for Governor of California in 1934.

This was a period of high inequality and both grand and petty corruption, especially in the

big cities and in the South.   Immigrants were dependent upon corrupt machine leaders for jobs

and for social services--including getting people out of jail–that leaders used to keep new

immigrants as loyal supporters (Merton, 1968, 131). In big cities and especially in the South,

where African-Americans had few rights and many needs–political bosses enriched themselves

while exploiting poor people.   At the turn of the 20th century, Gosnell (1968, 79-80) recounted a

tale of how political leaders manipulated a larceny trial in Chicago, in the manner of Martin

Lomasny:[6]

> Altogether this defendant achieved nine continuances, two changes of venue, and
>
> three bond forfeitures. During the pendency of the case there appeared before Mr.
>
> Austin (the person robbed) in behalf of the defendant, whose guilt was
>
> unquestioned, two state senators, a member of the lower house (the defendant's
>
> attorney, who later was a Democratic candidate for judge of the Municipal Court),
>
> a chief clerk of the Appellate Court, two deputy clerks of the Municipal Court, the
>
> [party] club president and party committee chairman, and six others, citizens of
>
> more or less prominence, all of whom urged Mr. Austin to drop the case. In
>
> addition, Mr. Austin's principal witness, a youth of fifteen years, was threatened
>
> with kidnaping by gangsters, resulting in policemen being assigned to guard his
>
> home.

Wilson (1960, 55) wrote about Chicago six decades later:

> Contacts between Negroes and police officers are more likely to be harsh or
>
> abusive (or to be felt to be harsh and abusive), and a mediator is more commonly
>
> in demand than among people who have less contact, or less discriminatory
>
> contact, with such forces.

Big cities and the South have long been fertile territory for corruption, since they have

high levels of both poverty and economic inequality. As long as both persisted, so did the

patron-client politics that are often the foundation of corruption.

There are no measures of corruption, inequality, or trust in the late 19th or early 20th century. However, the stories of the roots of corruption give strong support to the idea of an inequality trap at the turn of the century. Key (1936, 407) argued many years ago: "Much of what we consider as corruption is simply the `uninstitutionalized' influence of wealth in a political system" (quoted in Scott, 1972, 33). The turn of the 20th century, through the Great Depression, was a turbulent–and often corrupt–period in American history.

Optimism returned as the United States economy boomed after World War II and especially in the 1960s. O'Neill (1986) called this era the "American High." As immigrants became financially successful, they were no longer dependent upon political bosses and the urban machines mostly withered away. Petty corruption became far less common, though hardly at the level of the Nordic countries. Trust, when first measured, in the 1960s, was very high and the level of inequality was moderate. By the 1970s, inequality began to rise and trust fell.

Since economic inequality and trust are sticky, the United States is exceptional, if not unique, in the sharp increase in inequality and the decline of trust. Yet, there is no major change in the corruption rating of the United States. In 1980-85, it ranked eighth out of 51 nations in the ICRG rankings. By 2005, the United States ranked 17th of 160 nations on the TI Corruption Perceptions Index, 14th on the TI Global Corruption Barometer on grand corruption, 11th on petty corruption, and 14th on the perceptions of corruption in the WVS. While it seems that corruption was fairly stable, the raw scores for 1980-85 and 2005 indicate that corruption may have increased. While comparing these raw scores is hazardous, there is some evidence of a retrenchment to greater corruption. Only seven of the nineteen Western countries had negative

residuals when I regressed the 1980-85 scores against the 2005 TI index and the overall mean for

residuals for Western countries was strongly positive (.402). Positive residuals indicate reduced

corruption, negative ones increased malfeasance. The United States had the fourth largest

negative residual.

Corruption has long been prevalent in some areas, especially the big cities in the Mid-

Atlantic region and in the South. Other areas, most notably in the Midwest and the Prairie

States, especially those with large Scandinavian-American populations, have historically had

very clean politics. Even as the United States has become less corrupt in most areas, the patterns

of corruption still show consistency over time (see below). The states with higher levels of

corruption also have historically been those with the greatest amount of economic inequality

(Uslaner and Brown, 2005; Uslaner, 2006b)–and in the South, in particular, of discrimination

that has kept African-Americans poor and powerless.

Is there a connection among inequality, trust, and corruption in the United States? I

examine this in two ways. First, I consider survey data from the 1987 General Social Survey

(GSS), which asks whether people are essentially good or fundamentally corrupt. Then I turn to

data on beliefs about "how many people in government" are crooked from the 2004 American

National Election Study (ANES). These two questions let me test for two different ways of

perceiving corruption–about human nature, on the one hand, and about political leaders on the

other.

I estimate a hierarchical linear model for whether people are good or corrupt in Table 8-2,

with a state-level measure of economic inequality (household Gini index for 1989). So I would

expect perceptions that people should be higher in states with greater levels of economic

inequality.   The model includes three measures of perceptions of inequality: whether inequality

exists for the benefit of the rich, whether the working and middle classes are in conflict, and

whether one needs a wealthy family to get ahead, as well as measures of subjective and objective

economic status.   I also examine whether having confidence in business or public institutions

leads to more favorable evaluations of society. Religious fundamentalists, who adhere to the

notion that people are born in sin (the notion of "original sin") should believe that people

essentially corrupt. African-Americans, who have long endured discrimination (and their

ancestors slavery), should also have negative feelings about others, while older people, who have

lived through less contentious times, should rate others more positively.

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Table 8-2 about here

Americans are in general favorably disposed toward their fellow citizens. Forty-two

percent rate others at the top two positions on a seven-point scale, while only nine percent give

others either of the two lowest scores. The model provides little support for any effects of

inequality on perceptions of human nature. The aggregate measure of income inequality is far

from significant, as is the belief that inequality exists for the benefit of the rich. Perceived class

conflict and believing that you need a wealthy family to get ahead do make people more likely to

say that people are corrupt, but neither impact is large (by the level of statistical significance).

Rank in social position (social class) *is* an important factor, but it is the only one of either

objective or subjective economic status to matter much. Of the confidence measures, there is a

modest effect for big business, a somewhat stronger impact for faith in Congress, and

insignificant coefficients for faith in the judicial system and for the federal government (wrongly

signed). Trust in the legal system in particular does not spill over to judgments of other people.

What matters most are general world views. Generalized trust has the strongest impact on perceptions of people's motivations, followed by religious fundamentalism. Fundamentalists are far less likely to see human nature as good. Thirty-one percent of fundamentalists, compared to 46 percent of non-fundamentalists, rate their fellow citizens at the top two levels of the scale. Fifty-three percent of generalized trusters have positive views of others, compared to 30 percent of mistrusters.

The model provides very limited support for a connection between inequality and beliefs that people in general are corrupt. Is there a stronger tie between inequality and believing that people in government are crooked? Most Americans accept the view, from the data in the 2004 ANES, that their public servants are honest. Only 38 percent say that most public officials are dishonest; 53 percent say just some are, but only 8 percent hold that hardly any are corrupt. I present the ordered probit model for how many people in government are crooked (with lower scores reflecting this position) in Table 8-3. I include two measures of perceived inequality (a big problem if everyone not treated equally and how much change has there been in the income gap between rich and poor in recent years) as well as generalized trust, feeling thermometers (on which people rate groups from a very cold zero to a very warm 100) for big business and for business people, Congressional job approval, and whether people believe that elections make politicians pay attention. Also in the model, aside from demographics (age, income, education, Southern residence) is the question of whether the country's moral climate has fallen in the past four years. People with positive evaluations of public and private institutions and who believe that elections matter should be more positively disposed toward their leaders, while people who

say that the country is in either moral or economic decline should be more willing to say that

public officials are dishonest.

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Table 8-3 about here

As with evaluations of fellow citizens, generalized trust has the strongest impact on

perceptions of officials' honesty. However, the probit effects tell a somewhat different story.

Trust matters (an average impact of .112), but changes in the income gap (effect = -.134), the

moral climate in the country (-.152), whether elections make public officials pay attention

(-.177), and the feeling thermometer about big business (.180) all matter more.   In this model

there is stronger support for the effect of inequality on corruption, although saying that it is a big

problem if people are treated unequally is *not* significant.

People make a clear distinction between their feelings about big business (which shape

perceptions of dishonesty) and of people in business (which are insignificant). Perhaps

surprisingly, people who disapprove of Congress's performance are no more likely to say that

public officials are dishonest. Yet, people do believe that elections are important in holding

officials accountable–and they link this rather strongly with their perceptions of public officials'

integrity.[7]

For both models, fundamental values (generalized trust, morality, fundamentalism) play a

much greater role in shaping perceptions of corruption than do beliefs about inequality.

Inequality perceptions matter much more for evaluations of politicians than for ordinary people.

This is makes sense, since people in public office will profit from corruption more than average

folk. The difference in results might also reflect the time periods. Economic inequality

increased by more than 10 percent from 1987 to 2004, so it may have become more salient.

Since both the corruption and the inequality questions are different, it is hazardous to compare the findings for the United States with those of other countries. Nevertheless, it is intriguing that the impact of inequality on corruption perceptions appears stronger in the United States than in either the Nordic countries or in Hong Kong, but weaker than in the transition countries or in Africa. To the extent that these findings are generalizable, they indicate that *inequality matters more when there are higher levels of corruption.*

Corruption in the American States: The Link to Inequality

Corruption varies widely among the American states–and within states. Some states have long been regarded as corrupt, perhaps most famously Louisiana. Its culture is a mixture of its French heritage intermixed with the more traditional Southern politics based upon racial exclusion. Louisiana politics has long been dominated factions loyal to and opposed to the Long dynasty, as it is called. The founding fathers of this dynasty were Huey Long and his brother Earl. Huey was first elected Governor and then Senator and was planning a challenge to Franklin D. Roosevelt as the Democratic nominee for President in 1936 before he was assassinated a year earlier. Earl later served as Governor three times.

The Longs were both despots and legends, the subject of numerous biographies and at least one famous work of fiction, *All the King's Men*, a Pulitzer Prize winning novel by Robert Penn Warren about the rise and fall of Huey Long, who called himself "the Kingfish." In Long's Louisiana, everything was for sale–especially political influence. And brother Earl believed that this was a formula for winning the hearts and minds of voters. "Someday Louisiana is going to get 'good government.' And when they do, they ain't going to like it," he once said (quoted in

Kolbert, 2006).

Louisiana's corrupt government did not end with the end of the Long dynasty (in the 1950s for the state house, in the 1970s in the Congress).[8]   A recent four-term Governor, Edwin Edwards, was sentenced to ten years in prison in 2001 for racketeering The capital city, New Orleans–especially its police department--is widely considered to be one of the most corrupt in the nation.[9]   Former Senator John Breaux, while a member of the House, was once asked if his vote could be bought. He replied, "No, but it can be rented" (Edsall, 1983).   Former Representative Billy Tauzin said (referring to the devastation of Hurricane Katrina), "Half of Louisiana is under water and the other half is under indictment" (New York Daily News, 2005).

Louisiana has one of the highest levels of inequality of any state. It ranks last on the Census Bureau household Gini index for 1989 and in Langer's (1999) annual series of Gini indices in the states from 1976 to 1995, Louisiana ranked last in the 50 states 11 times, 49th five times, 48th three times, and 47th once.[10]   Louisiana's school system has the fewest number of computers per student in the country and the second highest share of adults who did not finish high school; it is also the only state not to pay for the defense of indigent people charged with crimes, leading to stays in jail of up to nine months before trial (New York Daily News, 2005). Louisiana ranked 35th out of 40 states on trust in the 1980s and 34th out of 44 in 1990.[11] Louisiana stands out as a classic example of the inequality trap.

On the other hand, the Prairie states are among the least corrupt in the nation. These states have large Nordic-American populations, ranging from 62 percent in North Dakota to the 30s in South Dakota and Minnesota and 19 percent in Wisconsin.[12]   Social capital, including trust, follows ethnicity across national barriers (Rice and Feldman, 1997; Soroka, Helliwell, and

Johnston, in press). Putnam (2000, 294; see also Uslaner, 2006) has noted that social capital is higher in states with large shares of Nordic immigrants (Minnesota and the Dakotas). These four states have large shares of trusting citizens–especially North Dakota (ranking first in 1980 and second in 1990); all ranked in the top seven states in both decades (except for South Dakota, which did not have a sufficient sample size to estimate trust in the 1980s). The Dakotas and Wisconsin were had among the most equal distributions of income in the 1989 Census Bureau data (though Minnesota only ranked 17th).[13]

These Midwest and Prairie states were the leaders in the movement for clean government that began in the late 19th century with the Populist party and culminated in the Progressive movement from the early 20th century through the 1930s. These movements challenged the corruption of the two main parties. Throughout the Midwest (and later elsewhere), the Grange movement was a farmers' cooperative, which pooled resources and pressed for debt relief following the economic crisis after the Civil War. Similar organizations developed throughout the Prairie and Midwest states that also became political reform movements, such as the Nonpartisan League in North Dakota, the Farmer-Labor party in Minnesota, and most notably the Progressive Party in Wisconsin.

These parties all became key elements in fights against corruption and domination of farmers by large banks throughout the region. The Progressive Party was the most successful, becoming a national movement and running Robert LaFollette, who had served as Governor and then Senator from Wisconsin, for President in1924. LaFollette won 17 percent of the national vote, with the largest shares in Wisconsin, North Dakota, Minnesota, (Montana), and South Dakota. These states with a long tradition of political reform, high levels of trust, and relatively

low inequality are, much like their Nordic ancestors, part of the virtuous, rather than vicious,

cycle of the inequality trap.

How can I test this claim in the American states?[14] There are two major measures of

government corruption: the indictment and conviction rates of political leaders and newspaper

reporters' subjective estimates of corruption (Boylan and Long, 2001), which is closest to

international estimates of corruption by Transparency International. The Boylan-Long measures

for 47 states have Rhode Island and Lousiana as the most corrupt. Rhode Island has a traditional

patronage-oriented Democratic machine that is dominant in state politics. Charges of corruption

are common and former Providence mayor Buddy Cianci has served jail sentences for both

assault (he was charged with attacking his wife's alleged lover with a lit cigarette, an ashtray, and

a fireplace log) and racketeering, extortion, conspiracy, and witness tampering. He resigned

following his first conviction but won reelection anyway. The Dakotas and Colorado rank as the

most honest, with Minnesota seventh, and Wisconsin twelfth.

An alternative measure of corruption is the share of public officials indicted or convicted

(Meier and Holbrook, 1992). The most corrupt states in 1995 were Florida and Virginia and the

least corrupt were New Hampshire and Vermont. The two measures are *not* identical: Florida

and Virginia rank 14th and 26th respectively on the Boylan-Long measure and the overall

correlation between the two measures is just .259. The reporters' measure seems to be the better

one, since it has greater face validity. Prosecution indicators may reflect the personal priorities of

prosecutors (Boylan and Long, 2001, 3-4)–and it may simply be more difficult to gain an

indictment and conviction in a heavily corrupt state. Thus, I rely upon the reporters' perception

measure, which seems less troubled by endogeneity issues (such as whom to prosecute and

whom to convict).

I estimate a model for perceived state corruption in Table 8-4. The predictors include two measures of inequality: A 1990 Gini index and the ratio of poverty between African-Americans and whites. The logic behind the Gini index is straightforward. The black-white poverty ratio is based upon the same logic as the Failed States indicator of uneven economic development: This measure not only includes economic distress, but it also incorporates the economic discrimination that is likely to give rise to particularized trust. Both of these indicators should lead to higher levels of corruption. I also include generalized trust and per capita income as in the models in Chapter 3. Also in the model are a measure of traditional party organization (Mayhew, 1986) and a measure of the overall incarceration rate for 1990. The incarceration rate is an indicator of the weakness of the rule of law in a state–corruption and street-level crime form a general syndrome (Azfar, 2005; and see Chapter 3).

Strong party states, which have what Mayhew (1986) called "traditional party organizations (TPOs)," place a heavy emphasis on organization and person-to-person get-out-the-vote drives; they are organized hierarchally and discourage citizen participation beyond knocking on doors and performing routine office jobs. Weaker party organizations give citizens a greater role in their affairs, including recruiting candidates. TPOs focus on winning elections, weaker organizations place greater emphasis on formulating policies and citizen activism. TPOs are fonts of patronage, which is the basis for both grand and petty corruption, so I expect states with such organizations to have higher scores on the perceived corruption measure. I use Mayhew's classification of party systems from weak to very powerful party organizations.

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Table 8-4 about here

Inequality matters–a lot. Both simple inequality and especially the black/white poverty ratio are strong predictors of perceived corruption. So is the overall incarceration rate. States with a weak rule of law are more corrupt. So are states with lower levels of generalized trust. The most important factor is Mayhew's traditional party organization measure, which is hardly surprising. Parties that emphasize patronage, as did the machines led by George Washington Plunkitt and Martin Lomasny, are part and parcel of a more general syndrome of corruption.

Corruption in the United States does vary with both the level of trust and the extent of economic inequality.   Where trust is low and inequality, especially racially-based inequity, is high in the American states, corruption thrives–much as I showed in the cross-national model in Chapter 3. The states, many say, are a laboratory for comparative analysis and this model strongly confirms this claim.

The model tells an even more complex story.   Mayhew's TPO index is more than a simple contemporaneous factor shaping current levels of corruption. Mayhew's measure reflects data from the 1960s and the 1970s and the corruption perceptions index represents a 1999 survey. By the end of the 20th century, most American parties had become democratized as party bosses yielded their control over nominations to voters in primaries. Patronage had become less widespread as most municipal employees were selected by the merit system. The TPO measure is thus an indicator of the *historical* rather than the contemporary strength of state parties.   Just as cross-national corruption is sticky, a party system's tradition reflects its current level of integrity.

Corruption in the American states has an even longer legacy than the 1960s. In Figure 8-1 I plot the reporter's corruption ratings against the statewide vote for LaFollette's Progressive Party candidacy in 1924. Since the Progressive Party focused primarily on clean government and structural reform, support for it is a reasonable proxy for public support in a state for anti-corruption initiatives. Of course, public preferences are hardly the same thing as actual performance and vote choice clearly reflects other factors (including evaluations of LaFollette himself, attachment to the traditional parties, and the Progressives' strong commitment to an activist role for government in the economy). The LaFollette vote nevertheless is the best available proxy for (lack of) corruption seventy years earlier.

While the fit with reporters' corruption perceptions is not overwhelming (r^2 = .266): (1) the bivariate correlation for the LaFollette vote is about as strong as any other variable in the model (r = -.516, compared to -.533 for generalized trust, .497 for the Gini index, and .585 for TPO); and (2) it does not enter the model because it is highly related to both trust and economic inequality (r = -.533 and .487) and moderately correlated with traditional party organizations (r = -.362).[15] The LaFollette vote is part of a more general syndrome of honest government, trust, and equality–even though it is measured almost three quarters of a century ago. The Progressive vote in 1924 is strongly related to state-level estimates of trust in the 1980s and 1990s (r = .696 and .564) and especially to the share of a state's population of Nordic origin in the 1990s (r = .749). There is also a moderately strong relationship between the reporters' perception of corruption measure and the Nordic population in a state in the 1990s (r = -.565).

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Figure 8-1 about here

Missing from the model is a variable that seems central to the decline in corruption in the twentieth century–the displacement of patronage positions by civil service positions. Yet there is little support for the claim that states that were most proactive in enacting merit systems have less malfeasance in office than laggards. Ruhil and Carnoes (2003) have compiled data on the adoption of merit systems in the states. Even though the Pendleton Act established a civil service system patterned after Great Britain's at the federal level in 1883, states were much slower in enacting these reforms. The civil service reforms dealt a blow to patronage, so early adopters would be the most likely to rate high on integrity at the turn of the century. Yet, they weren't. The simple correlation between the year of adopting the merit system and the reporter's corruption measure is only -.014–the correlation is even in the wrong direction!

The Historical Roots of Corruption in the United States

Corruption in the American states, as cross-nationally, is not only sticky, but it reflects long-standing social and economic patterns. In Table 8-5 I report models of both the 1924 LaFollette vote in the states, the proxy for earlier corruption, and reporters' corruption perceptions 75 years later. I use as predictors census data from the 1920s *and the 1880s* as predictors. The LaFollette vote is well predicted by the share of a state's workers who were in professional positions (and thus freed from the grips of the political machines) in the 1920 Census, as well as the population density of the state. States with high densities had large cities–and powerful political machines.

Even more impressive are the highly significant coefficients for the proportion of residents in each state with parents born in Scandinavia (Norway, Sweden, and Denmark) *from the 1880 census*. States with the highest share of parents born in Scandinavia were the most

likely to cast ballots for LaFollette. Given the roots of the Progressive movement in the heavily

Nordic Midwest and Prairie states, this result is hardly surprising. Yet they do point to the

cultural foundations of corruption–and to how lasting they are. Finally, the average monthly

teacher pay in 1880 was also a significant predictor of the LaFollette vote. Education is the

premier universalistic social welfare program (and the United States was the first country to

provide free education to all young people). Average teacher pay is an indicator of a state's

commitment to public education–and he we see that a commitment to universalistic social

welfare programs was associated with anti-corruption sentiment.

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Table 8-5 about here

Even more impressively, I use three of the four variables to predict reporters' perceptions

of corruption in 1999. The professionalization of workers in 1920 significantly predicts less

corruption almost 80 years later, as does (even more strongly) the population density in the same

year. While average monthly teacher pay is not a factor in 1999,[16] the share of parents born in

Scandinavia in 1880 is a significant predictor of corruption perceptions more than a century later,

so that the state with the greatest Scandinavian heritage (South Dakota) would be predicted to

have a score 1.18 less on the reporters' corruption scale (ranging from 1.5 to 5.5) than the state

with the lowest share of Nordics in 1880 (North Carolina). This amounts to "making" Louisiana

into Utah or Maryland–a substantial effect, especially given such a long time frame. While the

predictive power of the reporters' corruption equation is not as strong as that for the LaFollette

vote–hardly surprising given the time frames–the fit (R^2 = .392) is quite strong since the

predictors are all from such a long time ago. The roots of corruption in the American states are

long-standing, even more so than suggested by the TPO measure.

The cross-national ratings rate the United States relatively well for corruption. National surveys show that people base their perceptions of how corrupt ordinary people and even politicians are more by their moral world views than by perceptions of inequality–although there is a moderate connection between perceptions of inequality and believing that most political leaders are dishonest. Yet, the country is diverse and in many states (and cities) corruption not only persists, but it thrives. And these states are precisely the ones one might expect to lack integrity in public service from the inequality trap argument: high inequality, including disparities in income by race, and low trust.

The larger story is that the decline of corruption in the Nordic countries is not recent and has its roots in a more equitable distribution of wealth over a long period of time–and a commitment to providing universal social welfare. It was essential to have clean government. In the United States there is contemporary evidence for an inequality trap and the political machines that held immigrants captive to petty corruption and that enriched their leaders through grand corruption died out as the poor became middle class and did not depend upon patronage for employment (see Chapter 9).

Corruption remains higher in the United States than in most other wealthy Western countries, while trust and inequality are higher. While inequality has been rising throughout much of the West, the United States started from a higher baseline. Corruption remains high in states with low trust and high levels of inequality and there seems to be little hope for some regions to escape the inequality trap as punitive social welfare policies have become prevalent (Hacker, 2004; Soss, 2000).

While corruption is not falling in the United States, the overall level is lower than we might expect given the modest level of trust and the relatively high degree of inequality. I suggest two reasons why this may be the case. First, Americans are far less committed to reducing economic inequality than are Europeans (Osberg and Smeeding, 2005).   They are less likely to acknowledge widespread disparities in wealth than are people in other nations, they believe that people can work their way up the economic ladder without government support, and, most critically, they do not link corruption to inequality.   In the 1999 ISSP module on equality, Americans were among the least likely (third of 27 countries) to say that you must be corrupt to reach the top and to deny (also ranking third) that income differences are too large (see Figure A8-1).   Only 17.1 percent of Americans (compared to 36.6 percent elsewhere) say that you must be corrupt to reach the top and 66.2 percent say that income differences are too large, compared to 83.6 percent in other countries.

Americans also deny that you must come from a wealthy family to succeed (20.5 percent compared to 32.7 percent).   They are also less likely to say that inequality exists because it benefits the rich (50.1 percent versus 69.4 percent). They are far less likely to say that government has a responsibility to reduce the income gap between rich and poor (35.3 percent compared to 70 percent) and far more likely to believe that people get rewarded for their efforts (64.7 percent versus 31.5 percent) and for their skills and efforts (73.7 percent versus 39.2 percent).   Most critically, consistent with the two estimations above, Americans simply don't link corruption and inequality.[17] Even as inequality has increased, there is little of the envy that we see in many other parts of the world.

Secondly, the case of the United States, together with Hong Kong, Singapore, and

Botswana--suggests that institutions may indeed matter. Rising living standards and greater

equality went hand-in-hand with more honesty in government and business. The rising middle

class was less likely to tolerate corruption (Banfield and Wilson, 1966, 123) and this provided a

foundation for stronger institutions. Lower levels of corruption meant a court system that was

more independent and less susceptible to political interference as well as a predominance of

honest officials in elected offices. Americans strongly believe that they can hold their elected

officials accountable–and they demonstrate this by regularly ousting most public officials

accused of misconduct. Six of the 20 Republican incumbents defeated in the 2006 Congressional

elections had been accused of wrong-doing and the Republicans lost three additional seats where

incumbents had resigned because they were accused of wrong-doing (even though the new

candidates were unscarred).

These strengthened institutions were better situated to fight corruption–creating real

sanctions for those who were dishonest. Even as inequality has increased in more recent years,

there has been no widespread reversion to corruption. Strong institutions capable of combating

corruption could not arise in a highly unequal society in which many people depended upon

political machines for their livelihoods. Corruption persists in American states with high levels

of inequality and low levels of trust. When strong institutions rest upon two fundamental

foundations–public revulsion against corruption and the refusal to link it to economic inequality,

as in much of the United States, Singapore, Hong Kong, and Botswana–they can play a key role

in the fight against malfeasance in public life.

NOTES

1. Denmark and Iceland are also Nordic countries. However, questions on corruption were not included in the 1995-97 World Values Survey in these countries. I dichotomize the corruption measure ("none" and "few" corrupt leaders versus "all" or "most") rather than using the full four-point scale because of very few responses for the "all" category.

2. Denmark ranks third and Iceland eleventh.

3. The counter-argument, that people who see these actions as unacceptable, would be more likely to say that the larger society is honest.

4. Seeing competition as bad doesn't make people more likely to see their leaders as corrupt, while favoring order over freedom makes one just three percent more likely to see their leaders as corrupt. Only one of the three civic morality measures has a significant effect on corruption, in part because so few people see any of these acts as acceptable. Very few people anywhere say that bribes are acceptable, but in the Nordic countries, disapprobation is close to universal (about 90 percent). The few people who say that it might be acceptable also say that their leaders are corrupt. A 70 year old is 15 percent more likely to see leaders as corrupt as a 20 year old; someone at the top of the income scale is 8 percent less likely to do so, while education is not significant.

5. The inequality data come from the U.S. Bureau of the Census. The trust data largely come from the General Social Survey in the United States (see Uslaner, 2002, 6).

6. Gosnell was quoting Martin (1936, 300).

7. In the model, older people and more highly educated were less likely to say that many people are crooked, while Southerners were more likely to agree with this statement.

Income was insignificant. I did not estimated a hierarchical linear model because of the small size of the sample in the model.

8.   The last member of the Long dynasty to serve in Congress was Speedy O. Long, who later lost his seat in a primary to his cousin Gillis Long, the liberal renegade in the family who was later succeeded by his widow Mary Catherine Small Long, who served from 1985-1987, the last member of the extended family in high office.

9.   See the report by Human Rights Watch at http://www.hrw.org/reports98/police/uspo92.htm, accessed January 19, 2007.

10.   The data are available at http://www.u.arizona.edu/~llanger/replication.htm, accessed January 19, 2007.

11.   For details on statewide estimation of trust, see Uslaner and Brown (2005).

12.   The share of Nordic-Americans is based upon 2000 Census data reported at www.euroamericans.net.

13.   In the 1970s North Dakota and South Dakota ranked close to the bottom in inequality for the annual Langer data. By the 1990s, they had advanced to tied for 10th and at 17th, respectively–still far above the Census Bureau estimates. Wisconsin ranked third by 1995 and Minnesota 17th .

14.   Much of what follows is a variation on Uslaner (2006b).

15.   The LaFollette campaign was a third-party effort. LaFollette had been a Republican but had split with the party (in 1936 he would endorse Democrat Franklin D. Roosevelt for President) and his fellow Progressives in Congress had helped to unseat a Republican Speaker of the House of Representatives in 1910.

16.   It was significant in a regression not reported, but only because of collinearity. It's zero-

order correlation with the reporters' corruption measure is only -.006, so I excluded it

from the model rather than report what would clearly be an artifactual finding.

17.   The correlation between perceiving corruption as necessary to get to the top and income

in the United States is only -.03 and for social class is -.08.