Independent Professional Bureaucracies and Corruption: Evidence from Latin America

Pablo Sanabria
Laura Langbein
Department of Public Administration and Policy
American University

Abstract
This exploratory work aims to examine the relationship between merit-based civil services and corruption. Our research question is whether making bureaucracies more independent and merit-based reduces corruption in Latin America. We use differences in differences to measure simple correlations between changes in corruption and changes in civil service merit in terms of law (de jure) and practice (de facto) in a group of Latin American countries. Although previous scholarship, which is cross-sectional, has found a negative relationship between merit and corruption, our time-based results suggest that we need to take with caution that generalization. In some countries with longer traditions of merit in civil service, there can be such a high level of independence that the risk of corruption increases with additional bureau independence. In addition, while there have been regulatory advancements in countries with less developed civil services, it does not necessarily mean that those regulations are effective.

Introduction
Establishing merit-based bureaucracies has been proposed and tested by different authors as a strategy to eradicate unethical behaviors. However, besides Dahlström et al (2009), few studies have empirically tested the relationship between independent professional bureaucracies and corruption. This exploratory work aims to start filling that gap. Our specific research question is whether making bureaucracies more independent and merit-based reduces corruption in Latin America. Since we focus on merit, in this paper we define independent bureaucracies as merit-based and politically independent. Specifically, we refer to the ideal of merit for the recruitment, selection and dismissal of public employees. Our hypothesis is that two outcomes are
theoretically possible. Independence could either make (unmonitored) public employees susceptible to bribery; or, professional self-interest could make bribery an irrational choice for a public employee whose promotion is based on merit.

Our study adds to scholarship on corruption and bureaucratic characteristics in multiple respects: a) our corruption variable is a measure of reported (not perceived) corruption from the Latin American Public Opinion Project (LAPOP) of Vanderbilt University; b) we use data at multiple time points which allows the use of a differences-in-differences model to better test change in time; c) our data on quality of civil service from Global Integrity (GI) uses experts’ assessments and separates de jure from de facto characteristics of bureaucracy; d) we focus on countries that are relatively similar and homogeneous in terms political structure, institutional and economic development by studying Latin American countries, which have exhibited important recent changes in governance.

1- Theoretical Framework

Corruption is defined by Jin and Langbein (2006:2) as “rent-seeking behaviors that are formally illegal in a given society”. Swaleheen (2011:23) defined it as “the use of public office for private gains (Bardhan 1997)”. For Arye Hillman (2009:99): “Rent creation and rent seeking democracies are not illegal, nor necessarily is rent extraction. Illegality involves corruption. Corruption is the illegal use of authority of government for direct personal benefit.” Thus, corruption is an illegal activity that surrounds the actions of
government and consequently it can be elicited by the illegal rent-seeking behavior of bureaucrats and/or other private and public actors.

Cross-nationally, corruption and ineffective governance have been found to be associated (Shleifer and Vishny, 1993; Mauro, 1997; Rose-Ackerman, 1997; Dahlström et al, 2009; Van Rijckehem and Weder, 2001; Knack and Keefer, 1995; Rauch and Evans, 2000; World Bank, 1993; Stein, 2006; Hyden et al, 2003; Leeson and Sobel, 2008). Unfortunately, rooting out corruption is a wicked problem with no clear solution besides “good governance”. Even worse, Langbein and Knack (2010) find that good governance and some common measures of corruption may be tautological.

Economic theories often explain the relationship between corruption and bureaucracy as a principal-agent problem, where the principals (political masters) are not able to ensure that the agent is pursuing the same objectives and might be captured by special interests. This perspective reflects the traditional distrust that the bureaucratic control of politics shows towards the monopoly power of bureaucracies (Aidt, 2003). Thus, one usual prescription to rule out corruption is to induce competition among bureaus in order to reduce the price of public services (bribes) Shleifer and Vishny (1993). Other scholars from related approaches mention the role of oversight, higher wages (Van Rijckeghem and Weder, 2001; Mauro, 1997) and incentives as mechanisms to elicit ethical behaviors from public officials (Tanzi, 1998). Wagner (2011) found that more political appointment is associated with less meritocratic recruitment, arguing that loyalty (as opposed to competence) appears as a non-contractible behavior.
It is reasonable to hypothesize that, free from political interference, and resembling the Weberian ideal (Tanzi, 1998), merit based bureaucracies might foster less corrupt behaviors among public officials. According to Rose-Ackerman (1989), one of the strategies to reduce corruption might be to seek individuals with high ethical and/or professional standards for public positions. Alternatively, according to her, if those candidates are not available, the government can design educational programs in order to generate a supply of ethical officials. Rose–Ackerman however, criticizes reform endeavors that aim only to deter corruption by increasing either centralization (hierarchy) or decentralization, since they can actually become catalysts of greater corrupt behaviors. In her view, there is an endogenous relationship between structure and corruption.

As a matter of fact, corruption has the potential to create a market for bureaucratic positions. Rose-Ackerman (1997:34) asserts that the demand for corruption or, conversely, the supply for bribes, is determined by the size and structure of the state. And bribes are paid to obtain government benefits and to elicit (private) fees for these public benefits. In her view, the study of corruption must include the analysis of the organization of public officials since it is often embedded in its hierarchical structure. She argues that civil service reforms are actually tied to anti-corruption strategies which aim to get rid of the presence of bribes: “Whatever penalties the criminal law imposes on someone convicted of corruption, the costs of losing a government job for malfeasance will be added on. This strategy, however, must be combined with a transparent system of selecting civil servants or else a new form of
corruption will arise—people will pay the powerful to be allotted a desirable government job.”

Thus, government jobs acquire a higher value for any potential corrupt person willing to join the civil service or to influence those joining it. In this work, we focus on bribes as a measure of corruption. From an economic perspective, a bribe, according to some authors like Hillman (2009:100), is a transfer of income which does not imply an efficiency loss. However, we argue that the transfer from the briber to the public official might not be costless. Buying a government job that is otherwise available on merit uses the bribe resources for no added value; further, it subsequently brings greater transaction costs necessary to eradicate those entrenched corrupt behaviors (legal, administrative procedures). On the other hand, Hillman (2009) concludes that the bureaucratic position itself becomes a prize sought after by rent-seekers. Furthermore, one could argue that in the absence of merit there would be greater incentives for illegal rent-seekers to become part of the civil service (or to “allocate” those jobs) and as a consequence corruption (i.e. illegal rent seeking behaviors) can be greatly increased.

Previous research has shown that merit based bureaucracies are associated with low levels of corruption and higher economic growth (Dahlstrom et al, 2009; Olsen, 2005; Kaufman et al, 2003, Evans and Rauch, 1999). Rose-Ackerman (1997) found that corruption is a function of the level of the level of integrity of public officials. The hypothesis that merit based bureaucracies in Latin America are less likely to exhibit corrupt behaviors is also supported by Rauch and Evans (2000) whose study of bureaucratic structure and bureaucratic performance found a positive
relation between merit practices and anticorruption behaviors in a sample of 35 developing countries.

We view corruption as the privatization of a public service; it creates property rights that can be bought through bribes. Hence, making public bureaus more independent and professional, through merit in recruitment, selection and dismissal of public employees, might be a strategy for reducing corruption that can be done gradually, and has the advantage that it may be in the self-interest of an organized group: professionals. Professionals who identify with is with the profession and not the political establishment may find that accepting bribes would hurt rather than help their career. Thus, making civil service more independent and professional could be politically feasible, and might work better than wholesale reforms (Rodrik, 2009:7). Nonetheless, making bureaus more independent and professional may also isolate them, and create an opportunity for corrupt exchanges within professional groups, or between isolated professional groups and their clients.

2- Context of the Study

Different studies have historically characterized the Latin American bureaucracies as lacking many of the characteristics of professional independent bureaucracies, particularly meritocratic practices in personnel management (Ratliff, 1999; Klingner and Pallavicini, 2001; Zuvanic and Iacovello, 2010). Merit, neutrality, and standardization have only been slowly developed in most Latin American bureaucracies, compared for instance to East Asian countries (Ratliff, 1999).
Nonetheless, there are different levels of civil service development among Latin American countries.

Zuvanic and Iacovello (2010:152) make evident the high level of diversity in the quality of bureaucratic structures in Latin America. According to them, the adoption of merit in recruitment, hiring and firing of public employees in Latin America is characterized by strong regulatory efforts - even at the constitutional level in some countries - with very low effectiveness in practice. This conclusion is based on their merit index of 18 Latin American bureaucracies (Zuvanic and Iacovello, 2010:152) which intended to measure whether aspects such as “objective, technical, and professional procedures exist and are followed to recruit, select, promote, compensate and dismiss employees from an organization.” Their merit index was based on the expert opinions in each of the analyzed countries in Latin America. According to the index (Chart 1) a value of 0 implies an absence of merit practices and high values entail strong existence of merit practices in public human resources in Central and South American nations.
According to the index (Chart 1), the authors identified three different groups of countries in Latin America, reflecting the disparity in the development of civil service practices and regulations. In the first group, the study identified the “top performers”: Brazil, Chile and Costa Rica. These are countries with civil services that reflect: “a widespread acceptance of the principles of merit in decisions regarding the hiring, promotion, and dismissal of public officials”.

A second group of countries included those at a middle level of performance: Argentina, Colombia, México, Uruguay and Venezuela. In those countries, Zuvanic and Iacovello find that merit practices coexist with political patronage and clientele...
relations. A last third group is composed of those countries which still exhibit highly politicized civil services, and where employment decisions are made on a political basis: Bolivia, Paraguay, Dominican Republic, Ecuador, Peru and Central American countries (except Costa Rica). Those nations reflect the greatest absence of merit policies in the human resources strategy of civil services.

However, there is also a high level of diversity among bureaucracies inside each country. A more specific classification of Latin American bureaucracies (IADB, 2006) shows ample internal differences even among substantive policy areas. According to that classification only the federal government of Brazil and the central government of Chile accomplish the meritocratic ideal in Latin America. Some technocratic groups in most countries also fulfill that bureaucratic ideal, such as economic officials and employees of Central Banks, professional groups and some health and education officials.

3- Data and Methodology

To examine the relationship between corruption and merit in public service we use country-level data from Latin American countries, which implies that we rely on a very small-N to undertake this exploratory study. However, we improve the design that limitation by including the time variant factors that measure the change of those two variables within nations. Specifically, we compare differences in differences. We use a time series of pooled data for Latin American countries between 2004 and 2010 with information for both corruption and civil service. This enables us to examine
whether an increase in merit practices in one country coincides with an increase or decreased in corruption in that same country.

To measure corruption, we use aggregate survey data provided by the Americas Barometer by the Latin American Public Opinion Project (LAPOP), which provides objective (not perceptual) data about corruption, asking individuals how many times they have been requested to pay a bribe in the last 12 months in their interactions with government, localities, courts, the police, hospitals and schools. Thus, we create a country bribe index by adding each of those proportions. This index exhibits a Cronbach’s alpha of 0.91 and an Eigen value of 4.52 (75% of the total factor space of 6) in the factor analysis.

For variables regarding the quality of civil service we rely on Global Integrity (GI) data which allows as to make comparisons at different points in time of the quality of civil services in Latin America. The GI data considers both de jure and de facto indicators based on assessment of experts in each country. GI hires in-country expert social scientists, journalists and researchers to produce each country’s assessment; a group of peer reviewers then assesses the validity of the responses. The in law (de jure) variables record the existence of regulations in each country regarding aspects such as independence of bureaucracies, forbiddance of patronage, punishment of corrupt behaviors among others. The in practice variables (de facto) report respondents’ beliefs about the effectiveness of those regulations in terms of protection from political interference; merit in selection, recruitment and dismissal; clear job descriptions; publicity of job postings; and corruption punishment. This index shows a
Cronbach’s alpha of 0.93 and an Eigen value of 2.25 (80% of the total factor space of 4) in the factor analysis.

To analyze the change over time in both corruption and professional civil services we examine differences in bureau characteristics to differences in corruption. We compare changes in corruption to changes in civil service merit in terms of both *law (de jure)* and *practice (de facto)*, as well as a summary index which includes the two components. This is an exploratory study which aims to build a better understanding of the relation between those elements and corruption. Most previous studies use cross-section analysis which has important limitations. While our sample is small, we use multiple data points for each country in order to examine the correlation between the differences of the two variables.

### 4.1- Descriptive Statistics

**Table 1 – Average Indicators Quality of Civil Service Latin America 2006-2010**

<table>
<thead>
<tr>
<th>Country</th>
<th>GI Average Civil Service Index</th>
<th>GI Civil Service In Law Index (de Jure)</th>
<th>GI Civil Service In Practice Index (de Facto)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>65.08</td>
<td>100.00</td>
<td>66.67</td>
</tr>
<tr>
<td>Brasil</td>
<td>65.56</td>
<td>100.00</td>
<td>72.22</td>
</tr>
<tr>
<td>Chile</td>
<td>62.01</td>
<td>100.00</td>
<td>61.11</td>
</tr>
<tr>
<td>Colombia</td>
<td>69.45</td>
<td>91.67</td>
<td>59.26</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>67.08</td>
<td>100.00</td>
<td>58.33</td>
</tr>
<tr>
<td>Ecuador</td>
<td>46.48</td>
<td>87.50</td>
<td>47.22</td>
</tr>
<tr>
<td>Guatemala</td>
<td>33.80</td>
<td>100.00</td>
<td>58.33</td>
</tr>
<tr>
<td>Mexico</td>
<td>59.80</td>
<td>100.00</td>
<td>61.11</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>46.62</td>
<td>87.50</td>
<td>44.44</td>
</tr>
<tr>
<td>Venezuela</td>
<td>52.50</td>
<td>75.00</td>
<td>30.56</td>
</tr>
</tbody>
</table>

Source: Global Integrity GI – Author calculations – Available data varies for each country.
The analysis of descriptive statistics shows traditional strong bureaucracies like Chile and Colombia (Table 1), with very low levels of reported corruption (Table 2) as previous studies would predict. Nonetheless, another group of countries with relatively strong civil services that display very high levels of bribes reported--namely Mexico, Brazil and Argentina. Except for Mexico, the highest levels of corruption are reported in countries with low quality of civil services according to the GI data: Ecuador, Nicaragua and Venezuela.

If we analyze the in law and in practice variables separately, we observe that there is greater dispersion in de facto indicators than in de jure ones. According to the evaluators of GI most countries have relatively well developed regulatory systems, albeit with very low levels of effectiveness. This contradiction epitomizes the traditional idea of prismatic societies that has historically characterized Latin American societies, where norms tend to be adequately designed but are not correctly or sufficiently enforced.

<table>
<thead>
<tr>
<th>Country</th>
<th>Bribes government employee</th>
<th>Bribes local government employee</th>
<th>Bribes in Police</th>
<th>Bribes Courts</th>
<th>Bribes Hospitals</th>
<th>Bribes Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>2.44</td>
<td>13.13</td>
<td>4.65</td>
<td>5.53</td>
<td>10.68</td>
<td>8.20</td>
</tr>
<tr>
<td>Chile</td>
<td>1.52</td>
<td>6.00</td>
<td>1.76</td>
<td>5.47</td>
<td>4.32</td>
<td>2.92</td>
</tr>
<tr>
<td>Colombia</td>
<td>2.72</td>
<td>4.99</td>
<td>5.08</td>
<td>3.30</td>
<td>3.95</td>
<td>2.53</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>4.62</td>
<td>7.61</td>
<td>7.48</td>
<td>4.93</td>
<td>4.26</td>
<td>6.21</td>
</tr>
<tr>
<td>Ecuador</td>
<td>7.66</td>
<td>17.65</td>
<td>10.92</td>
<td>22.28</td>
<td>7.56</td>
<td>11.18</td>
</tr>
<tr>
<td>Guatemala</td>
<td>4.38</td>
<td>8.48</td>
<td>10.89</td>
<td>7.18</td>
<td>6.24</td>
<td>7.39</td>
</tr>
<tr>
<td>Mexico</td>
<td>12.11</td>
<td>20.99</td>
<td>21.03</td>
<td>20.11</td>
<td>10.38</td>
<td>12.38</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>3.87</td>
<td>10.47</td>
<td>6.88</td>
<td>14.21</td>
<td>7.07</td>
<td>6.52</td>
</tr>
<tr>
<td>Venezuela</td>
<td>5.93</td>
<td>15.17</td>
<td>9.03</td>
<td>7.31</td>
<td>3.88</td>
<td>3.83</td>
</tr>
</tbody>
</table>

Source: The Americas Barometer by the Latin American Public Opinion Project (LAPOP) – Authors calculations – Available data varies for each country.
When analyzing percentage of bribes reported by the individuals surveyed by the Latin American Opinion Project of Vanderbilt University, the proportion of bribes asked in local government appears higher than in general government. This picture is consistent with Tanzi (1996), who argued that because there are numerous potential contacts between government officials and potential corrupters, corruption can be greater at the local level.

In terms of bribes in specific public services, there is no clear pattern. While in some countries courts display the highest level of people reporting having been asked to pay a bribe (Chile, Ecuador, Nicaragua), in others police tend to be more frequently reported (Argentina, Colombia, Costa Rica, Guatemala, Mexico). In Nicaragua and Brazil hospitals are, according to the data, the more frequent places to seek a bribe.

If we analyze these data as a cross-section, our results are concordant with most previous research. In fact, chart 2 shows a negative correlation between the average in corruption and in civil service index in the 2004-2010 period for this sample of Latin American countries. This is consistent with most findings in literature, usually a cross-section. According to this pattern, countries with more professional, merit based civil service: Argentina, Brazil, Costa Rica, Colombia and Chile display lower levels of corruption. This group of five countries coincides with higher values on the Merit index of the Inter American Development Bank, developed by Zuvanic and Iacovello (2010). In fact, both merit indexes -the one of Global Integrity and the one of IADB- show a correlation of 0.82. However, as we mentioned
before, cross-sections do not consider time variant factors, and thus cannot test causal hypotheses.

Chart 2 - Average Civil Service Index (GI Public Administration Index) and Average Corruption (% people who were asked for bribes-LAPOP) (Y) 2004-2010

4- Analysis of correspondence between differences in corruption and differences in civil service quality: Latin America 2004-2010

In order to provide a better picture of the relation between merit and corruption, we take into consideration time variant factors by means of comparing differences in both variables. Since we have a small sample with no counterfactual (i.e. countries that didn’t change at all in merit chars) we rely on temporal differences to analyze the correlation between changes in both variables. Although this
analysis has a small number of observations, it still retains the features of a differences in differences method, which takes into account time. For each country we examine the change in LAPOP data on corruption -between the two last data points available- and the change in the Global integrity civil service index (also with the last two data points available).

According to Chart 3, when we consider the time variant factors, the correlation changes the direction and the slope from the results shown above. The results in Chart 3 display a positive sign and slope showing that, in the time period analyzed, the majority of countries had either positive changes in both variables (better civil service index and higher corruption) or negative differences in both variables (reduced index of civil service quality and lower number of reported bribes). This pattern is different from what was previously found in other studies.

Chart 3- Difference in Index of Quality in Civil Service (GI)(X) against Difference in Corruption (% people who were asked for bribes-LAPPO) (Y) 2004-2010

Source: Global Integrity GI and Latin American Public Opinion Project LAPOP – Authors calculations.
In fact, if we analyze these data more closely, we can identify four different levels of performance among the countries in our sample (Chart 4). In quadrant number 1 we find those countries which showed a reduction in the quality of their civil services - according to the opinions expressed by experts to Global Integrity - and a simultaneous increase in their reported level of bribes: Venezuela, Colombia and Brazil. This group of countries conforms to the traditional explanations for a negative relation between merit and corruption. Yet, it is important to underscore that this group of countries shows small reductions in the measure of merit, which actually correspond with smaller changes in the percentage of people who reported bribes.

In quadrant number 2, we find the nations that increased in both the corruption and civil service index: Guatemala and Mexico. In quadrant number 3 are the countries which showed a reduction in both variables: Argentina, Ecuador and Nicaragua. The last country in fact shows a particular situation where large negative changes in civil service index took place at the same time with reductions in bribes. Thus, these two groups of nations in quadrant 2 and 3 differ from the expected negative correlation between merit and corruption.

More interestingly, no single country located is located in Quadrant 4. In other words, no country in our sample showed simultaneous reductions in corruption and improvements in civil service quality. This phenomenon contradicts most of the literature, based on cross-section analysis, which states that there is a negative relation between both variables. While we are aware of the limitations of our sample
and our method, we note that time variant factors operate as controls in differences between cross-section levels and show a positive relationship in this case. What additionally makes this finding interesting is that each country reflects a different pattern of the relationship between merit in civil service and corruption. Yet no country shows simultaneous increases in civil service quality and reduction in corruption.

**Chart 4- Difference in Index of Quality in Civil Service (GI) against Difference in Corruption (% people who were asked for bribes-LAPOP) (Y) 2004-2010**

![Chart](image)

*Source: Global Integrity GI and Latin American Public Opinion Project LAPOP – Authors calculations*

Indeed, it is possible that we are analyzing effects that take longer to occur. Someone might argue, for instance, that countries with higher levels of corruption might undertake measures to improve the public personnel strategies in order to decrease bribes. This might take a longer time period to see those effects take place. However, we can explore whether that rationale is correct by analyzing the differences between each of the jure and de facto relationships with the corruption variables. In other words, it is possible that the global civil service indicator hides the different effects that take place, initially by the *de jure* measures, and later, after implementation, *de facto*. We are able to analyze that phenomenon by separating the civil service in law and in practice indexes of Global Integrity.

Hence, we separate the index between the *de jure (in law)* and *de facto (in practice)* components (Chart 5) of civil service. In fact, we find different trends and direction for each component of the civil service index developed by Global Integrity.
On the one hand, changes in the *in law* component show a slightly negative correlation with changes in corruption, similar to what previous research has argued or concluded. However, regarding the *de facto* component in Chart 5, we observe a positive relationship between quality of civil service and corruption, which was also initially obtained with the global GI indicator of quality in the civil service. We also find no countries in the quadrant representing improvements in civil service quality and decreases in corruption in the *de facto* component of Chart 5.

**Chart 5- Difference in Index of Quality in Civil Service (GI) against Difference in Corruption (% people who were asked for bribes-LAPOP) (Y) 2004-2010**

Source: Global Integrity GI and Latin American Public Opinion Project LAPOP – Authors calculations
Why do we find this particular situation? We argue that the different results generated by the measures of *de jure* and *de facto* civil service quality with corruption might can be explained by the length of time that countries have been pursuing the development of merit based civil services. For instance, countries with a poor tradition of quality in the civil service, like Guatemala, although it might have already designed some regulations (*de jure*), could still show a small impact in terms of *de facto* quality, which might be consistent with the concurrent increase in corruption.

Conversely, though other countries with historically strong bureaucracies show increases in corruption from 2004-2010, those changes are smaller than their negative changes in civil service index. In this set of countries several of these merit based measures have already taken place *de facto*. However, there is a different outcome for countries with weaker bureaucratic systems like Guatemala, Nicaragua, and Ecuador. Indeed, if we take these countries out of the sample, the positive relationship in the *de facto* component becomes moderated tending to negative (as in the *de jure* case) resembling the prediction of previous studies.

**Table 3 - Correlations of Differences**

<table>
<thead>
<tr>
<th>Bribe index</th>
<th>Bribe central government employee</th>
<th>Bribe local government employee</th>
<th>Bribe Police</th>
<th>Bribe Courts</th>
<th>Bribe Hospitals</th>
<th>Bribe Schools</th>
<th>GI Average Civil Service Index</th>
<th>GI Civil Service in Practice Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bribe index</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bribe central government employee</td>
<td>0.9368</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bribe local government employee</td>
<td>0.8915</td>
<td>0.5317</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bribe Police</td>
<td>0.7009</td>
<td>0.5077</td>
<td>0.5799</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bribe Courts</td>
<td>0.3288</td>
<td>0.1996</td>
<td>0.2650</td>
<td>0.0078</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bribe Hospitals</td>
<td>0.2188</td>
<td>0.1849</td>
<td>0.2566</td>
<td>0.0154</td>
<td>0.0078</td>
<td>1.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bribe Schools</td>
<td>0.0855</td>
<td>0.0167</td>
<td>0.0065</td>
<td>0.0130</td>
<td>0.2077</td>
<td>0.8709</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td>GI Average Civil Service Index</td>
<td>0.5861</td>
<td>0.5759</td>
<td>0.4506</td>
<td>0.3907</td>
<td>0.5392</td>
<td>0.3130</td>
<td>0.3130</td>
<td>1.0000</td>
</tr>
<tr>
<td>GI Civil Service in Practice Index</td>
<td>0.3775</td>
<td>0.4922</td>
<td>0.1821</td>
<td>0.3193</td>
<td>0.2032</td>
<td>0.0457</td>
<td>0.3880</td>
<td>0.3949</td>
</tr>
</tbody>
</table>

Source: Global Integrity GI and Latin American Public Opinion Project LAPOP – Authors calculations
All those relationships are supported by the correlations exhibited in Table 3. They show mostly positive correlations between changes (improvements) in merit in civil service (mainly in the *in practice index*) and changes (increases) in corruption. However, *in law* indicators show mostly negative relationships.

5.1- Correlations with different kinds of bribes

Are there differences in the correlation between merit and corruption according to different kinds of bribes? The Global Integrity data provides information regarding bribes in government in general, in local government, and in public services such as police, courts, hospitals and schools. Thus, we measured the correlation between each kind of bribe reported and the civil service index (Chart 6).

Chart 6- Difference in Index of Quality in Civil Service (GI) against Difference in Corruption (% people who were asked for bribes-LAPOP) by kind of bribe: From Left to Right (Central Government, Local Government, Police, Courts, Hospitals and Schools. (Y) 2004-2010
Again we find similar positive relations between increases in civil service quality and increases in bribes for government and local government. Yet, if we analyze the correlation for each kind of public service, we find divergent results. In the case of police and courts, there is a positive relationship between changes in civil
service quality and change in percentage of people who reported bribes. In hospitals that relationship tends to become moderate, whereas in the case of schools there is a negative relationship, which resembles the usual explanation that increasing merit can lead to lower levels of corruption.

5.2- Data Limitations

Most corruption studies so far use perceptual data rather than objective, and rely on cross-section data (Kaufman et al, 2003; Mocan, 2004). We use data on actual bribe seeking, and we examine the correlation of changes within each country. The consequence is that we rely only on a small N. The small N also makes it impossible to add statistical controls. Nonetheless, we use comparable countries and we examine differences in differences within these countries, not differences in levels between these countries. We hope this exploratory work contributes to the process of achieving a better understanding of the relation between corruption and indicators civil service quality that distinguish between de jure and de facto properties of quality. We hope to construct a more comprehensive dataset that will enable us to better examine the causal relationship between corruption and professional, merit-based, bureaucracies.

5- Discussion
Rose Ackerman and Hillman argued that corruption puts a price on government positions that exceeds the public price. We expect that making public bureaus more independent and professional, through merit in recruitment, selection and dismissal of public employees, might be a strategy for reducing corruption that has the advantage that it may be in the self-interest of an organized group: professionals. Professionals whose identification is with the profession and not the political establishment may find that accepting bribes would hurt rather than help their career. However, merit practices can also lead to very independent bureaucracies with greater risk of corruption.

Thus our contribution is concentrated in two main elements. First, traditional cross-sectional explanations of the relationship between bureaucracy and merit tend to ignore some time variant factors that affect individually each country (even when considering some degree of relative homogeneity like in the Latin American case). Our analysis of differences suggests that it is possible that countries with more developed civil service systems have achieved such a high level of autonomy that in fact they can become more prone to corruption. An exemplar is the case of Brazil, which is consistently evaluated as one of the strongest bureaucratic systems in the subcontinent, but according to the LAPOP data displays some of the highest levels of bribes. This is supported by Lapuente (2008), who argued that too much autonomy can lead to excessive discretion and bureaucratic isolation, which can increase the risk of corruption.
Second, there are important differences between having a law and having an effective law in deterring corruption. In fact, we find different trends and direction for each component of the civil service index developed by Global Integrity. On the one hand, changes in the in law component show a slightly negative correlation with changes in corruption, similar to what previous research has argued or concluded. On the contrary, regarding the de facto component we observe a positive relationship between quality of civil service and corruption, which was also initially obtained with the global GI indicator of quality in the civil service. Latin American countries in our sample show similar developments in terms of laws, but a greater disparity in terms of effectiveness. Years ago, Fred Riggs identified this as a property of prismatic societies. Klingner and Pallavicini (2001) and Zuvanic and Iacovello (2010) also identify the contradiction between the de jure and de facto elements in the development of the civil services in Latin America.

To sum up, while our results are far from conclusive, they open the door for more specific questions regarding the divergent effect that different levels of development in civil service systems have on corruption. Although previous scholarship has argued a negative relationship between corruption and merit, the time-based component of our study finds that we need to take with caution that generalization. In some countries with longer traditions of merit in civil service, there can be such a high level of independence that the risk of corruption increases after certain point. On the other hand, while there have been regulatory advancements in countries with less developed civil services, it does not necessarily mean that those regulations are effective.
References


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1 We plan to build a more comprehensive set of data in the near future.