Causes and Consequences of Corruption
Dr. Bonnie J. Palifka
Yale Summer Session 2025
Syllabus

My e-mail: bonnie.palifka@yale.edu, bonnie.palifka@gmail.com

Live sessions Mondays and Wednesdays, 10:00am-11:30pm via Zoom

Course intentions: Corruption undermines economic policy, weakens society, exacerbates inequalities, enables crime, and delegitimizes government. Thus, the United Nations has declared that "corruption is the greatest obstacle to economic and social development" and has included anti-corruption among the inter-related Sustainable Development Goals. This multidisciplinary course introduces students to the causes and consequences of corruption, ways to define and measure corruption, various economic and political models of corruption, and steps that governments, businesses, civil society, and the international community can take to prevent and reduce corruption.

General objectives:
By the end of this course, the student will be able to:
- Define corruption.
- Compare the level of corruption among countries.
- Identify and explain the causes of corruption.
- Identify and explain the costs and consequences of corruption.
- Model corruption using basic utility-maximization and game theory.
- Evaluate alternative policies aimed at reducing corruption.
- Complete a documented research project.

Grades:

Research paper (team)	50	(see below)
Annotated bibliography (individual)	10	(1/2 point per unique source)
Video blogs	20	(5 @ 4 points each)
Participation during class sessions	15	
Coevaluations	5	(5 @ 1 point each)
Total	**100**	

The professor will form teams with an eye toward international and multidisciplinary composition. Each team will develop a research paper in three phases:

research proposal	5 points
rough draft	10 points
final draft	25 points
presentation	10 points

The research paper may be a study of corruption in a given country, including efforts to combat corruption and progress achieved (or not); an empirical study of corruption within a country or across countries (the determinants of corruption or the consequences of corruption); or a literature review of a particular aspect of corruption. If your team would like

to apply a survey and use your own results, your professor can provide you with a Google Forms survey.

The reading list combines seminal and classic texts in the corruption studies literature with outstanding more recent studies.

Main text:

Rose-Ackerman, S. & Palifka, B.J. (2016). *Corruption and Government: Causes, Consequences, and Reform, Second Edition.* Cambridge: Cambridge University Press.

Note: This syllabus is provided for informational purposes only. It includes only a general outline and the assigned readings; video lectures and optional materials (readings, videos, and websites) are listed on the course platform (Canvas), as are the detailed assignments due. The assigned readings should be completed <u>before</u> each corresponding live session. While it is not necessary to understand all the details of the journal articles, the student should be able to identify the following components of each: purpose, contribution, methodology, data sources, and results.

Program of activities

Week 1 June 2-6	**BASIC CONCEPTS**

Assignments:
1. browse the websites of Transparency International (http://www.transparency.org/) and the World Bank (http://www1.worldbank.org/publicsector/anticorrupt/index.cfm, http://worldbank.org/wbi/governance/index.html)
2. Participate in class discussions
3. Decide on a topic and draft team research proposal
4. Submit self- and peer-evaluation

Introduction: What is corruption?

Readings:
Rose-Ackerman and Palifka, chapter 1
Svensson, Jakob. (2005). Eight Questions about Corruption, *Journal of Economic Perspectives* 19(3):19-42.

Recommended readings:
Bauhr, M. (2016). Need or Greed? Conditions for Collective Action against Corruption, *Governance 30*(4), 561-581.
Hodgson, G.M. & Jiang, S. (2007). The Economics of Corruption and the Corruption of Economics: An Institutionalist Perspective. *Journal of Economic Issues* XLI,4:1043-1061.
Ledeneva, A., Bratu, R. & Koeker, P. (2017). Corruption studies for the

twenty-first century: paradigm shifts and innovative approaches. *The Slavonic and East European Review*, 95 (1):1-20 (especially p. 3).

Pozsgai-Alvarez, J. (2020). The Abuse of Entrusted Power for Private Gain: Meaning, Nature and Theoretical Evolution. *Crime, Law and Social Change* 74:433-455.

How is corruption measured?

Readings:

Rose-Ackerman and Palifka, chapter 1 Appendix

Bello y Villarino, José Miguel. (2021). Measuring Corruption: A Critical Analysis of the Existing Datasets and Their Suitability for Diachronic Transnational Research, *Social Indicators Research 157*: 709-747.

Recommended:

Morris, Stephen. (2008). Disaggregating Corruption: A comparison of Participation and Perceptions in Latin America with a Focus on Mexico, *Bulletin of Latin American Research 27*(3):388-409.

Olken, Benjamin. (2009). Corruption Perceptions vs. Corruption Reality, *Journal of Public Economics* 93:950-964.

Reinikka, Ritva and Jakob Svensson. (2006). Using Micro-Surveys to Measure and Explain Corruption, *World Development* 34(2):359-370.

Week 2 **Research proposal due on Monday**
June 9-13 **CORRUPTION AS AN ECONOMIC PROBLEM**
Assignments:
   1. Participate in on-line discussions
   2. Conduct research and build annotated bibliography
   3. Begin work on first draft
   4. Submit self- and peer-evaluation

Readings:

Rose-Ackerman and Palifka, chapters 2-6

Recommended readings:

Bardhan, Pranab. (1997). Corruption and Development: A Review of Issues, *Journal of Economic Literature* 35:1320-1346.

Becker, Gary. (1968). Crime and Punishment: An Economic Approach. *Journal of Political Economy 76(2)*: 169-217.

Bertrand, Marianne, Simeon Djankov, Rema Hanna, and Senhil Mullainathan. (2006). Does Corruption Produce Unsafe Drivers? *NBER Working Papers*. Available at http://www.nber.org/papers/w12274. OR (same authors) (2007). "Obtaining a Driver's License in India: An Experimental Approach to Studying Corruption." *The Quarterly Journal of Economics* 122(4):1639-1676.

Leff, N. (1964). Economic Development Through Bureaucratic Corruption, *American Behavioral Scientist* 8:8-14.

Mangafić, Jasmina and Ljiljan Veselinović. (2020). "The determinants of corruption at the individual level: evidence from Bosnia-Herzegovina," *Economic Research-Ekonomska Istraživanja*, DOI: 10.1080/1331677X.2020.1723426

Mauro. P. (1995). Corruption and Growth, *Quarterly Journal of Economics* 110(3):681-713.

Mocan, Naci. (2008). What Determines Corruption? International evidence from microdata. *Economic Inquiry* 46(4):493-510.

Shleifer, A. and R.W. Vishny. (1993). Corruption, *Quarterly Journal of Economics* 108:599-617.

Søreide, Tina. (2014). *Drivers of Corruption: A Brief Review*. Washington, D.C.: World Bank. **https://openknowledge.worldbank.org/handle/10986/20457**

Svensson, Jakob. (2002). Who Must Pay Bribes and How Much? Evidence from a cross-section of firms. *Centre for Economic Policy Research Discussion Paper No. 3167.* **www.cepr.org/pubs/dps/DP3167.asp** or **http://papers.ssrn.com/abstract=300444** or **http://ideas.repec.org/p/hhs/iiessp/0713.html#download**.

Tirole, Jean. (1996). A Theory of Collective Reputations (with applications to the persistence of corruption and to firm quality), *Review of Economic Studies* 63: 1-22. **http://www.jstor.org/stable/2298112**

You, Jong-Sung and Sanjeev Khagram. (2005). A Comparative Study of Inequality and Corruption. *American Sociological Review* 70(1):136-157. http://www.jstor.org/stable/4145353

Week 3
June 16-20

CORRUPTION AS A CULTURAL PROBLEM

Assignments:
1. Continue building annotated bibliography
2. Finish first draft
3. Participate in on-line discussions
4. Submit self- and peer-evaluation

Readings:

Rose-Ackerman and Palifka, Chapter 7

Bauhr, Monika and Nicholas Charron. (2020). "Do Men and Women Perceive Corruption Differently? Gender Differences in Perception of Need and Greed Corruption." *Politics and Governance*, *8*(2), 92-102. **https://doi.org/10.17645/**

Supreme Court of the United States. (2024). *Snyder v. United States*. [You may limit your reading to the Syllabus (pp. 1-4) and Jackson's dissent (pp. 25-40 in the pdf file).]

Williams, Sope. (2024). "Legal Framework on Sextortion/Sexual Corruption in South Africa." Deutsche Gesellschaft für, Bonn and

Eschborn, Germany. https://www.awacn.africa/wp-content/uploads/2024/10/Sexual-corruption-legal-Report.pdf

Recommended readings:

Andvig, Jens Chr. (2006). Corruption and Fast Change. *World Development* 34(2): 328-340. Doi:10.1016/j.worlddev.2005.03.007

Basu, Kaushik. (2011). Why, for a Class of Bribes, the Act of Giving a Bribe should be Treated as Legal. *MPRA Paper No. 50335*, available at http://mpra.ub.uni-muenchen.de/50335/

Dorminey, Jack, A. Scott Fleming, Mary-Jo Kranacher, and Richard A. Riley Jr. (2012). "The Evolution of Fraud Theory." *Issues In Accounting Education 27*(2), 555-579.

Glaeser, Edward L. and Raven E. Saks. (2006). Corruption in America. *Journal of Public Economics* 90:1053-1072.

Ismajli, Rrita and Miranda Loli. (2018). Add Women and Stir? Exploring the gendered dimension of corruption, *Public Administration Review; Corruption: A Bully Pulpit Symposium.* October 22, 2018, https://www.publicadministrationreview.com/2018/10/22/651/ (accessed October 23, 2018).

Stensöta, Helena, Lena Wängerud, and Richard Svensson. (2015). Gender and Corruption: The Mediating Power of Institutional Logics, *Governance* 28(4):475-496.

Tillman, Robert. (2009). Making the rules and breaking the rules: the political origins of corporate corruption in the new economy. *Crime, Law, and Social Change* 51(1):73-87.

Webster, Allan and Jenifer Piesse. (2018). Are Foreign-Owned Firms More Likely to Pay Bribes than Domestic Ones? Evidence from Emerging Markets. *World Development* 101:1442-161.

Week 4	**Rough draft due on Monday**
June 23-27	**CORRUPTION AS A POLITICAL PROBLEM**

Assignments:
1. Submit first draft
2. Make corrections to first draft based on feedback
3. Participate in on-line discussions
4. Submit self- and peer-evaluation

Readings:
Rose-Ackerman and Palifka, Chapters 8-12

Recommended readings:

Canache, Damarys and Michael E. Allison. (2005). Perceptions of Political Corruption in Latin American Democracies, *Latin American Politics and Society* 47(3):91-111.

Dincer, Oguzhan and Michael Johnston. (2020). Legal Corruption? *Public Choice* 184:219-233.

Drury, A. Cooper, Jonathan Krieckhaus, and Michael Lusztig. (2006). Corruption, Democracy, and Economic Growth, *International Political Science Review* 27(2):121-136.

Gerring, John and Strom C. Thacker. (2005). Do Neoliberal Policies Deter Political Corruption? *International Organization* 59(1):233-254.

Johnston, Michael. (2014). *Corruption Contention and Reform: The Power of Deep Democratization*. Cambridge (UK) and New York (USA): Cambridge University Press.

Week 5 **June 30-** **July 4**	**Final draft due on Friday** **ANTI-CORRUPTION REFORM** **Assignments:** 1. Participate in on-line discussions 2. Submit self- and peer-evaluation 3. Present research results 4. Final exam

Readings:

Rose-Ackerman and Palifka, chapters 13-16

Johnston (2022). It Takes a Whole Society: Why Hong Kong's ICAC cannot succeed alone. *Public Administration and Policy* 25(2):109-123. https://www.emerald.com/insight/content/doi/10.1108/pap-05-2022-0042/full/pdf

Recommended readings:

Becker, Gary. (1968). Crime and Punishment: An Economic Approach, *Journal of Political Economy* 76(2):169-217. http://www.jstor.org/stable/1830482

Johnston, Michael. (2012). Building a Social Movement Against Corruption, *Brown Journal of World Affairs* 18(11):57-74.

United Nations Office on Drugs and Crime. (2003). *United Nations Convention against Corruption*. https://www.unodc.org/unodc/en/treaties/CAC/.

A note on academic honesty

Students are expected to act in accordance with Yale policy regarding plagiarism and other types of academic dishonesty. All written work will be checked for plagiarism.

Artificial intelligence is allowed only to find sources and to check spelling, grammar, and formatting: the use of AI to write content is strictly prohibited.

Teamwork should include only the names of team members who contributed. Non-participants will receive a grade of zero for any corresponding assignment. Including the name of a non-participant is academically dishonest both for the non-participant and for the teammates who include their name.

Those found guilty of academic dishonesty will be penalized accordingly.

Attendance

Attendance at the live sessions (Mondays and Wednesdays, 10:00-11:30, Yale time) is mandatory. Any student who misses a session will be reported to the Dean of Summer Session and will receive a zero grade for participation in that session.

Deadlines

All work must be turned in electronically, as specified, by the due date and time. According to Yale policy, technical difficulties are not an acceptable excuse for late submission. Any work turned in late will be penalized one-half grade for each day late. Claims of technical difficulties must be documented with screenshots sent by e-mail to the professor.