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PRESIDENTIALISM IN DEVELOPING DEMOCRACIES: A SOURCE FOR BAD GOVERNANCE?

A quantitative study on the effect of presidentialism on corruption in developing democracies

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Abstract

Researchers within the field of political science have been analyzing the effects of legislative-executive relations for several decades and both parliamentarism and presidentialism have their critics and proponents. However, this topic needs revisiting, especially after Sri Lanka and Turkey recently experienced a shift in legislative-executive relations. This thesis aims to examine the effect of presidentialism's interaction with lack of judicial and legislative control on the executive on control of corruption in developing democracies. The hypothesis claims that the higher the degree of presidentialism in a developing democracy, the more likely is the state to exhibit higher levels of corruption, due to the lack of judicial and legislative constraints on the executive.

The hypothesis and the theory it is based on is tested quantitatively by employing an OLS multivariate regression analysis. Presidentialism was measured by taking the mean value of several VDem indicators describing presidential prerogatives. An interaction variable was composed of the presidentialism variable and the mean value of legislative and judicial control on the executive. Furthermore, six control variables were introduced to the multivariate regression. According to the results, the hypothesis had to be rejected, as presidentialism interacting with lack of judicial and legislative control on the executive is not correlated with higher levels of corruption at a level of significance. This result is important, as it shows that when employing a different measurement of presidentialism, taking a smaller sample size and adding an interaction effect can show a completely different result than that discussed in the literature review.

Contents

1 INTRODUCTION

"*Power tends to corrupt, and absolute power corrupts absolutely."*

-- Lord John Dalberg-Acton

In 1870, Lord Acton wrote a letter to a scholar Mandell Creighton in which he wrote the very same quote, pronouncing his opposition to the move to promulgate the catholic doctrine of papal infallibility (Acton-Dalberg and Edward 1907). This powerful quote by the famous 18th century British historian still resonates strongly even today, especially after Turkey's transition from a parliamentary republic to a presidential democracy, giving more powers to the Turkish president Tayyip Erdoğan (Seyrek 2017).

Conversely, in 2015, Sri Lanka's president Sirisena voluntarily diminished his presidential prerogatives in favor of the legislature by passing the 19th Amendment to the Constitution, being one of the few heads of state that would ever do so. The legislature (including the opposition) and the populace have responded highly positive to this development. However, it is yet to be seen if Sri Lanka will complete its transition to a parliamentary republic. This move surprised almost everyone and it was the first time in recent years a democratic country started to peacefully transform its core institutional arrangements (Dibbert 2017). Sri Lanka seems to be phasing out presidentialism in favor of parliamentarism, while the opposite is happening in Turkey. But, does the type of democratic government matter?

The importance of good institutions for development is a vastly discussed topic in the realm of political science. What are good institutions? How do we get them? Why do they matter? These are just a few questions that political scientists are still attempting to answer today. Even when these questions are answered, causal pathways that connects institutions with quality of government (QoG) are seldom explored.

Since the dawn of comparative politics, there have been many published papers and books discussing different types of regimes, democracies, leaderships etc. Yet, it was not until later that researchers started to pay attention to the practical, real-life effects of different systems. The type of government is broadly discussed in the political science literature, with research varying from qualitative to quantitative in nature analysis. However, many of them do not provide a solid causal pathway that connects the effects with the type of institution. This is evident from the thesis' literature review in which various articles and books are critically discussed. Several notable works were examined and a common thread was revealed. The

data used was in most cases outdated and in need of refreshing, statistical analyses opted for dichotomous measurement of presidentialism, the number of cases was either too small or too large, and most notably, the authors did not examine the causal pathway of how the type of government affects the state's quality of government.

The thesis aims to discuss and resolve a significant gap concerning the lack of thorough empirical analysis of the effects of the type of government. Furthermore, it argues that there should be more focus on this sort of research, as we are discussing basic institutions, which have the potential to pave any future development of a state. Deciding between a parliamentary and presidential system is something every democratic state faces at its birth and can have a significant impact on how a state functions. One of the possible outcomes that have been associated with government type is corruption. Analyzing the correlation between types of government and corruption is also important for perhaps determining that one system might not fit a particular state, because the leaders in such states are prone to kleptocratic behavior.

There is without a doubt, more than several researches conducted in this specific field of political science. However, I would argue that there is still much to be explained. The thesis' biggest contribution to the field is the explanation of the causal pathway. This thesis aims to give a more detailed insight on how a state's institutional arrangement affects QoG or in this case, corruption. Moreover, the thesis also features some other novelties such as focusing solely on developing democracies, developing a revised scale for measuring presidential powers and using almost up to date statistical data from several reputable sources. It should be noted that most of the quantitative literature analyzed in the thesis found a significant correlation between presidentialism and QoG. However, most of them had at least one, if not several, of the gaps my thesis seeks to address.

In this thesis, the measure of presidentialism is analyzed and its consequences. This subject needs revisiting, especially after 2015 when the Sri Lankan government announced that they would limit the power of the executive, and restore constitutional democracy and good governance. The thesis also coincides with Turkey's shift to a presidential system on April 2017. If both states fully complete this transition and it simultaneously shows progress or digression respectively in terms of GDP and control of corruption, it might indicate that presidentialism is not the best fit for developing states.

The thesis consists of six chapters and it is a quantitative study. In the literature review, previous scholarship is examined and the gaps are identified, justifying the need for further exploration of the phenomenon. Following the literature review, the theoretical approach argues how presidentialism can through a lack of developed democratic institutions affect QoG, while also describing the aim, research question and hypothesis of the thesis. The methodology chapter discusses the methods used for analyzing the data, sources of data and the operationalization of relevant variables. Furthermore, limitations of the data and method are also pointed out in this chapter. The analysis chapter empirically examines the hypothesis and discusses the results. The final chapter, the conclusion, revisits the discussion of the results and the implications it might have on the scholarship discussed in the literature review and to the study of political science.

In the following chapter I will be conducting four separate literature reviews covering the effects of institutions on QoG, presidentialism and its characteristics, type of executive and QoG, and the measurement of presidentialism. Before concluding, I will combine the literature reviews and write my own research proposals, which could cover the gap/s I have spotted during my review of the literature.

2 LITERATURE REVIEW

In this chapter, the thesis seeks to address and summarize what is missing in the scholarship concerning the type of government and corruption. Through the course of this literature review the thesis will attempt to demonstrate that the relationship between presidentialism and control of corruption has not been fully explained so far. Although there is no shortage of research on this phenomenon, several gaps still need to be addressed, chief among them being the lack of a causal pathway. Additionally, there are also gaps concerning the measurement of the type of executive (opting for dichotomous measurement instead of continuous), number of cases (either choosing too many or too little) and in some cases, disputable operationalization of variables. Last, but not least, the scholarship needs an update, as most of the scholarship dates to the early 90s and early 2000s. Since then, several countries have developed in terms of economic capabilities and level of democracy.

My thesis seeks to address all the aforementioned gaps by employing a continuous measurement of presidential powers, using up to date statistical data for 83 developing democratic states from various reputable statistical sources (VDem, QoG, World Bank) and providing a causal pathway to explain how the level of presidentialism affects the levels of corruption. The literature review will be divided into four subchapters: political institutions and QoG, presidentialism vs parliamentarism, type of executive and QoG and measuring presidentialism.

2.1 Political institutions and QoG

There is an overarching consensus that performance of democracies is based on their age and therefore, newer democracies tend to perform worse in terms of economic performance and perceiving corruption. In terms of QoG, older and established democracies seem to perform better because leaders there have incentives to improve QoG, because a certain degree of wealth has already been reached, while in new democracies, there is little incentive for long-term bureaucratic investments (Charron and Lapuente 2009). This was also previously researched by Keefer (2007), who argues that because younger democracies lack credible politicians, this in turn leads to high transfers, high rent seeking and low-levels of non-targeted good provisions.

One of the reasons (if not the most important one) for why young democracies suffer with their new found political regime is due to lacking properly developed institutions. Djankov et al. (2003) argue that before a state can successfully transition from an autocracy to a

democracy, a state must have developed institutions prior to the transition, otherwise it will suffer low economic development. Acemoglu et al. (2005) also pointed out main that every social change in each country should be considered in the light of its own institutional possibilities. There has been a significant focus on researching the role which institutions play in providing public goods and fostering economic growth (Acemoglu and Robinson 2012).

2.2 Presidentialism vs parliamentarism

Types of government are also defined as executive-legislative relations and they are very broadly divided into three categories: parliamentary, presidential and semi-presidential systems. In a parliamentary system of government, the head of government (usually called prime-minister) and his/her cabinet, whom are not directly elected, are responsible to the legislative branch by being dependent on its confidence and they may be dismissed from office with a vote of no confidence. In a presidential system, however, the head of government (the president) is popularly elected for a constitutionally prescribed period and cannot be removed from office by the legislature. The other and possibly more important difference is that in a presidential system, the ministers serve merely as advisers and subordinates to the president, while in a parliamentary system, the prime minister cannot make executive decision without the rest of the cabinets' consent (Lijphart 1999, 116-117).

Presidential systems have thus several features that are highlighted by its proponents (Mainwaring 1990). These include:

1. Stability: government stability due to the executive being independently elected from the legislature.
2. Legitimacy: the president is directly elected in general election, granting legitimate powers to the leader.
3. Effectiveness: a president with strong presidential powers can enact changes more quickly than in a parliamentary system
4. Checks and balances: the executive headed by the president is removed from the legislature. This makes two completely independent entities that monitor and check each other, thus preventing potential abuses of power.

Many of the advantages the presidential system entails have been heavily criticized by scholars. Government stability by itself does not necessarily imply democratic stability, legitimacy can be questioned in states where elections have a history of "unfairness" etc.

However, checks and balances is something that needs to be considered further. Ackerman et al. (2011) argue that politicians have an incentive to enhance their power via creating institutions that provide them greater freedom to act and by undermining institutions that were designed to check their influence. Furthermore, they argue that presidents are more likely to test the limits of their power and an independently elected president can act without seeking legislative approval or being worried of judicial constraints. Ackerman et al. describe these presidential states as hyper-presidential systems, where the electorate conducts the bare minimum oversight on the president and its office. They find that in Argentina and the Philippines presidents have repeatedly undermined institutional efforts to limit their power by pushing the boundaries of the law or simply by finding legal loopholes.

The system of checks and balances appears to be flawed in states where the democratic institutions are not as powerful as the president's office. In such states the scales of power are in favor of the president. Checks and balances being a positive feature of presidential systems can be considered as a gap.

2.3 Type of executive-legislative relations and QoG

Forming the type of government is an important factor when forming a democratic state. There is an abundance of articles and books written about the difference between the presidential and parliamentary system and how each affects QoG. While some scholars advocate the advantages of presidentialism, most are in an agreement that presidential systems are a poor choice overall (Linz 1990, Ljiphart 1999). While the president is elected in general elections and is supposed to speak on behalf of the entire country, the president in most cases clearly stands for a partisan political option.

Linz (1990) in The Perils of Presidentialism, through a qualitative study compares parliamentary and presidential democracies. Linz describes the paradoxes of presidential regimes in great detail, citing that such systems are set out to be strong and stable executive regimes with a strong public legitimation to counter particular interests. However, presidents hold a great deal of power while not necessarily needing consent for each action, essentially making them elected kings. Linz sheds some light on the often-cited statement, that presidential systems are more stable due the executive being more independent from the legislature, thus enjoying greater flexibility. Stability is thus ensured via continuity. However, stability is ensured only when the president is benevolent. In the opposite case, a president that who has lost the confidence of his party or the people is a detriment to democratic

stability and is very difficult to replace. Impeachment is possible; however, it is a very uncertain and time-consuming process.

Linz (1994) continues his research on executive with an empirical work in which he argues that presidentialism leads to political instability that threatens democracy. According to Linz, in presidential states, due to the separation of powers between the executive and the legislature, incentives for cooperation in governing are reduced which leads to an increase of opportunities for conflict that result in democratic deadlock and breakdown. This work is considered one of the milestones in analyzing political systems and as a basis for further research. His work, however, did not to provide much needed greater empirical evidence, as he considered only Latin -American states and relied solely on democratic breakdowns, not so much on governance. Linz's work was later heavily criticized by Cheibub (2006).

Moving forward from Linz's work, Shugart (1999) researched on how presidentialism and parliamentarism were associated with the provision of collective goods in less-developed countries. In his work, Shugart goes against Linz's assumptions about the type of executive and its effects on and quality of government, stating that presidentialism may be more suitable for most developing countries for sustaining democracy. His work is mostly theoretical in nature, as he gives good explanations and definitions of presidential and parliamentary systems, going into detail about their respective power structures and cabinet formations. However, he does not provide detailed empirical evidence for presidentialism being a better option for providing collective goods. His empirical analysis relies on putting lower and middle-income democracies/semi-democracies in presidential and parliamentary columns and assigning the GINI index value from 1998 to the respective country. The analysis is thus conducted by simply looking at the table and counting the number of democracies in each column of regime type that are below and above the 40.0 threshold. By doing so, the author concluded that parliamentary states are more likely to be able to address inequality, without going into a much more detailed statistical analysis, which has been done previously by the peers he referred to. Despite his analysis, he still argues that these presidential democracies would be worse off in a parliamentary form due to multiple parties representing different occupational groups or regions and could potentially shut out important societal interests, due to the apparent manufacturing of majorities for one party.

Lane and Ersson (2000, 134-138) went deeper into researching the differences by providing a more thorough analysis of the correlations between the form of government and political and

socioeconomic outcomes. The authors found that the correlation between presidentialism and democracy (using variables: democracy scores, violence scores, protest scores, executive change, party system disproportionality, effective number of parties, party system fractionalization and number of years of present constitution) is both negative and strong. The negative correlation is even stronger when examining state performance based on social and economic criteria (using variables: economic growth, real GDP per capita, human development index, GINI index, female parliamentary representation). They conclude that one cannot draw conclusions that the type of government is decisive in this analysis, as there might be other factors in play and the regression analysis only demonstrates correlation, not causality. Authors do not mention which might be the other explaining factors, however, they do touch upon a valid issue in researching the causal pathways. Furthermore, their analysis did not include any sort of control variables. The authors opted for testing independent/separate relationship between presidentialism and political/economic outcomes instead of employing a multivariate analysis with multiple models. Moreover, the set of analyzed cases is too heterogenous, taking into consideration several non-democratic countries such as China and Saudi Arabia. Lane (2008) in a different study, analyzed effects of the type of government. In his book, he concluded, that parliamentarism performs better in terms of rule of law.

Krouwel (2003) is an often-cited political scientist for moving away from using nominal variables for describing types of executive-legislative relations by using his own measurement for presidentialism as an independent variable. In his work, he analysed the relationship between presidnetialism, parliamentarism and government stability. The correlation between presidentialism and cabinet duration was negative and weak (Pearson's r=–0.34). However, his empirical research was limited only to 12 cases from post-socialist European state. Despite this empirical limitation, his scale for measuring the level of presidentialism proved to be an intuitive tool for measuring and defining political regimes, which the thesis will discuss in the following sub-section.

Yet, even in doing regressions, finding causal pathways seems to be a difficult feat when determining if presidentialism or parliamentarism has any effect on the performance of democratic states. Gerring and Thacker (2004) have focused their research on determining whether political institution or rather more specifically, how the role of unitarism and parliamentarism affect the levels of perceived political corruption. By employing a weighted-least-squares regression (WLS) on the Kaufmann, Kraay and Zoido-Lobaton corruption index

(KKZ) and an ordinary-least-squares regression (OLS) on the Transparency International Corruption Perceptions Index, the authors find that parliamentary forms of government help reduce the levels of corruption. Where their research differs from others, is that they attempted to identify the causal pathway from the type of government to corruption. The authors draw on seven disparate causal mechanisms:

1. Openness, transparency and information costs
2. Intergovernmental competition
3. Localism
4. Party competition
5. Decision rules
6. Collective action problems
7. Public administration

With these seven causal mechanisms, the authors explain how the type of executive-legislative relations can have an impact on perceived levels of corruption and they conclude that parliamentarism/federalism work through multiple channels to influence corruption outcomes. While they do provide some novelty in a sense that previous research focused only on one single causal factors instead of several, they conclude their final thoughts by stating that they could not test these causal mechanisms empirically.

Kunicova's and Rose-Ackerman's research (2005) analyzes the electoral rules and constitutional structures as possible constraints on corruption. The authors argue that elections provide incentives for politicians to pursue certain kind of policies and at the same time elections constrain politician from exhibiting corrupt behavior. Their main hypothesis is that proportional representation systems are more susceptible to corrupt behavior while at the same time examining the effect of electoral rules with presidentialism. This cross-sectional empirical analysis was done on 94 democracies that scored at least 5.5 on the Freedom House score. According to the authors, presidents in a presidential type of government control the executive branch that has rent-creating possibilities that can be used for personal gain. Because, the legislative parties are less powerful in a presidential system, they must constantly negotiate with the president, while the president him/herself has undivided power over many sources of rents, which are diverted for personal gain easier than in a collegial system of cabinet government. Using federalism, GDP per capita and Freedom House Index, the authors through an OLS regression find that PR systems in conjunction with

presidentialism, are associated with higher levels of corruption. However, the authors have an operationalization of presidentialism does not match their theoretical descpription of that system. A presidential dummy variable was derived from World Bank's Database on Political Institutions and coded a presidential state as 1, if the system had a directly elected president, independent of the legislature. That by itself does not make a system presidential, as for example, Macedonia is a parliamentary democracy, with the president holding a more or less symbolic role as head of state, but is still elected independently from the legislature. Thus, some states such as Macedonia and Bulgaria, were coded as presidential states, even though they are examples of parliamentary democracies with the prime minister being the head of government, not the president. This coding no doubt affected the OLS regression results, as these states are proportional democracies with relatively high levels of corruption in Europe.

Another important piece of scholarship was done by Cheibub (2006) with his book *Presidentialism, Parliamentarism and Democracy.* One of the main points of Cheibub's book is that the generally subscribed view that there is something inherently problematic about presidential institutions, something that needs to be eliminated in order for the state to operate properly, should be discussed further. The author argues that there is nothing wrong with presidential institutions per se (Cheibub 2006:6). Cheibub argues that presidential democracies are more fragile than parliamentary democracies due to historical coincidence, meaning that states where militarism remained strong after the transition to democracy were also states that adopted presidential institutions. Democratic breakdown of presidential systems is thus due to those states previously having military dictatorship. This analysis was conducted by employing a logistic regression covering all democracies from 1946 to 2002. Cheibub's analysis (and the entire book) is incredibly detailed and exposes some flaws of previous scholarships' views on the effects of presidentialism. However, Cheibub accepts Linz's overarching empirical conclusion about presidential state that on average they do not last as long as parliamentary states before they transition/collapse into authoritarianism. It is the causal pathway that Cheibub disputes in Linz's article (Cheibub 2006:136-147). The thesis does not argue against Cheibub's work, as it does not analyze democratic breakdown per se. The thesis focuses entirely on presidentialism as is and how it affects corruption levels. The thesis acknowledges that there are underlying reasons why presidentialism comes to be in new democracies (militarism) and how it affects democratic breakdown, but It focus solely on governance.

The research by Gerring and Thacker (2009) entails an analysis about the practical effects of presidentialism/parliamentarism. They test the relationship between a historical measure of parliamentary rule and fourteen different indicators which range across three key policy areas: economic development, human development and political development. By employing a cross-country regression, they find that there is a strong relationship between parliamentarism and good governance (using indicators for human and economic development). Yet, even though the authors come to the same conclusion regarding parliamentarism and good governance, they still end their research by stating that further exploration of specific causal mechanisms is needed. In their research, they only gave suggestions to some possible causal mechanism without going into further detail in describing them.

With all that said, the main problem in analyzing the effects of type of government on perceived levels of corruption is the lack of a fully formed causal pathway. Furthermore, works such as those of Linz (1994) and Krouwel (2003) employed a very low number of cases, which only gives a small picture on presidentialism's true effects.

2.4 Measurement of presidentialism

Creating a scale for measuring presidentialism is not particularly new. Several political scientists have been trying to devise an effective scale for measuring presidentialism with mixed results. Shugart and Carey (1992:148-166) assessed presidential powers by dividing all powers into legislative and non-legislative powers. Presidential powers were assessed on a 0-4 scale and then summed up. A higher value meant more presidential powers. However, the authors' sole focus was on powers mentioned in the constitution, not taking into consideration political practice and informal use of power.

Frye (1997) developed a method involving dividing the president's formal powers into two distinct groups: the powers owned solely by the president and those that are performed together with the parliament or the government. This power index is a combination of 27 different presidential powers, merged into a single index. All powers are equally weighted equally, which does create some issues. For example, he regards addressing the parliament of equal importance as the ability to propose legislation or dissolving the parliament.

A better measure was created by Siaroff (2003, pp. 303-305) in which he measured informal powers in addition to formal powers of the president. These powers include veto powers, appointment of some key individuals or cabinet members, ability to chair formal cabinet meetings, emergency decree powers for national disorder etc. Siaroff's scale for measuring

presidential powers was a step in the thesis' direction in addressing the measurement gap, yet, it takes issue with the dichotomous coding for presidential powers. A president has a central role in forming the government or he/she does not. This type of coding does not allow for subtle differences, when there are cases when both the prime-minister and the president are responsible in forming the government. Furthermore, by adding direct election of the president as a variable for measuring presidential powers can add unnecessary value towards presidential powers, which the thesis will elaborate on later.

Krouwel's (2003) measurement is the most interesting and well developed. Instead of trying to develop a measurement only for presidential powers, he tries to determine the level of presidentialism. His scale ranges from pure presidential score to pure parliamentary score by having coded seven constitutional elements: election of the head of state, dissolution of parliament, vote of investiture, vote of confidence, ministerial appointments, dissolution of parliament and executive powers. Each variable that is associated with presidentialism receives the score of 1, the score of 0 if it is not associated with presidentialism and a score of 0.5 if the powers are shared or limited. Both presidential and parliamentary scores are summed up and the final measure of presidentialism is calculated by subtracting the parliamentary score, with a positive score indicating presidentialism and a negative indicating parliamentarism. Thus, the Czech Republic scored -4.5 and Russia scored a 4.5. Krouwel's method works on many levels. The variables are equally weighted; it departs from dichotomous coding and the scale could be used for any form of government. However, as with Shugart's and Carey's measure, Krouwel also looks solely on the constitutional basis for the president's power, not considering its use in practice and informal powers. He also makes a point, that having a variable that represents the direct election of the president is crucial in constructing a measure for presidential. The thesis argues against this last point.

Both Siaroff and Krowel argue that the direct election of the president is central to his or her legitimacy and thus power. Hellwig and Samuels (2007: 70-72. argue that presidents are held accountable by the electorate and they can be punished by it by not being voted for in the next election. This thesis argues against this point. While it is true that the president being directly elected by the people makes the president directly accountable to the people and not the legislature, that does not necessarily translate to actual power. A great deal of states that are classified as parliamentary republics have a directly elected president as a head of state. For example, Slovenia also has a directly elected president, but his role is largely ceremonial in practice, with very limited power entrusted into his position. However, if we take for example

a country like South Africa, where the president is elected by the legislature, the head of state's powers resembles more that of the President of the United States than of a European parliamentary state. If we followed Krouwel's coding scheme, South Africa would receive a score of 0 in this category, while Slovenia would receive a score of 1. While the final score would certainly give South Africa an edge when it comes to the level of presidentialism, it can make cross-sectional comparisons less valid. If we were to follow Krouwel's coding scheme even more strictly, USA would also get a score of 0 in this category, as the president of the United States is voted through an indirect election via the Electoral College (latest election proves that the most popular votes do not necessarily guarantee a victory for the candidate). While this coding would not be a good fit for measuring presidential powers, the thesis also argues that it is also not an adequate variable for classifying political systems.

Krouwel's measurement provides an excellent basis for constructing a new variable for measuring presidentialism. The new scale developed in the thesis will build upon his by not taking into consideration whether the head of state was directly elected or not, vote of investiture and vote of no confidence. The first factor was not taken into consideration due to the misleading assumption it entails - that a directly elected head of state has potentially more power than an indirectly elected head of state. The last two factors were not included due to them being factors that are based on laws written in the constitution and do not necessarily take into consideration practice. The new proposed measurement adds several other factors (explained in detail in section 4.2.2.1), which are based on events that occur in practice. The new scale thus relies more on presidential prerogatives (or limitations) that are being used in practice rather than merely stated by law.

3 THEORETICAL APPROACH

In this chapter I will expand upon the concepts described in the literature review to explain how presidentialism affects corruption in a developing democracy. My thesis will explore the relationship between institutional design of the executive and corruption in developing democratic states. Finally, this section will present the hypothesis of the thesis and its argumentation.

3.1 Presidentialism and judicial/legislative oversight on the executive

In the previous chapter the thesis reviewed the relevant literature concerning democratic institutions, the debate between presidentialism and parliamentarism, presidentialism's effect on QoG and how it has been measured so far. In this sub-chapter, the gaps found in the literature and the theory about oversight on the executive and political will come together to explain how presidentialism causally affects the levels of corruption.

Since checks and balances (or rather lack thereof) is representing my causal pathway, it is worth delving into this a bit more. Stapenhurst et al. (2006: 101-105) argue that institutional restraints on power is an important mechanism in checking corruption. The checks and balances system is created by horizontal accountability between the executive, legislature and the judiciary. Both the judicial and legislative branches, given adequate independence, can effectively restrain abuses of power by the executive branch and even penalize such abuses. Many states have adequate laws on corruption and other abuses of power, but are not always effectively enforced. However, such laws are not properly enforced in developing states. Thus, due to powerful politicians, elite interests, or oligarchs' interests, both the legislature and judiciary are not incapable of effectively curbing corruption.

The argument of the thesis' causal pathway is that developing democracies do not have developed institutions of checks and balances that would properly oversee the executive's actions. But, what makes them undeveloped? Pelizzo and Stapenhurst (2015: 50-54) raise an important argument in this regard. When it comes to legislative oversight on the executive, information is very important for them to properly function. The need for information is even greater in developing democracies, in which important policy-relevant information is most often exclusively in the hands of the executive branch. Because the legislative branch does not have access and is not completely free from the government's influence, it cannot properly criticize the government's choices or propose policy alternatives. Since, governments under presidential systems have exclusive domain of the executive and the parliaments have even

less say in matter of policies and information they receive, their inability to competently oversee the executive is diminished. Alt and Lassen (2008) found that divided governments (one major party in the executive and an opposite party having the majority of seats in the legislature) are associated with lower levels of corruption in US federal states. However, the US is a developed democracy with a long history of presidentialism. Moreover, the legislature has access to properly scrutinize the executive (whether it is on a regional or national level). They also emphasize that an independent judiciary also plays a key role in curbing corruption.

La Porta et al. (2004) have investigated whether judicial checks on the executive act as a guarantee of freedom. By using data for 71 states around the world, they find that the independence of the judiciary and constitutional review are associated with greater political freedom (using various indices of democracy, political rights and human rights) and greater economic freedom (by measuring lightness of government regulation, infrequency of state ownership, and security of property rights).

Bazuaye and Oriakhogba (2016) through a case study in Nigeria demonstrate how the judiciary plays a key role in preventing corruption. The judiciary is important in its work by complementing the efforts of other arms of the government in the fight against corruption and other abuses of power. However, this role is not fulfilled properly when political and constitutional factors hinder its operations. For example, Nigeria needs strong procedural and substantive laws to combat corruption and allow the judiciary more freedom. These problems are not only a part of Nigeria's institutional design, but they are common for most developing democracies.

However, some states analyzed in the thesis have been "stuck" in the unsuccessful process of democratization for quite some time. Is presidentialism itself the cause of it? No, not necessarily. Persson and Sjöstedt (2012: 620-625) talk about political will being an important causal factor in the development process. They rely on two theories to back up their claim: principal-agent theory and state theory. If we would view the electorate or the citizens as the principal (the authority that delegates tasks to the agent), and the president and its cabinet as the agent (the authority that is supposed to execute the will of the principal), a clear principal-agent problem can be seen in developing democracies. The authors argue that the agent (in this case the president and its cabinet) will act in his or her own interests and betray the principal, because the state lacks formal monitoring and screening mechanisms such as, transparency, accountability mechanisms and an effective institutional framework. The

benefits of breaking the promises made to the electorate overweight the costs of keeping it. Furthermore, there is also the problem of moral hazard, which arises as a result of the agent having more information than the principal does. This fits with what has been said earlier about the executive having more information than the legislative branch does. The authors argue that when the actions of the agent are unobservable to the principal, which again falls in line with the legislature´s inability to oversee or control the executive's actions in presidential states, the agent will continue this course of action as long as it benefits him/her. In a developed state, the agents have fewer possibilities to and incentives to act opportunistically because the principal (electorate/citizens in this case) is in fact a "principles principal", meaning that it is willing and able to control the agent. In developing states, the principal lacks either the will or the ability to effectively control the agent.

State theory involves the social contracts that is created between the citizens and the political leaders (ibid: 624-625). Leaders of states lacking a social contract are more likely to resort to corruption and other abuses of power due to the lack of coherent and well-defined public, and shorter time horizon of leaders. If a state lacks a defined social contract, leaders face multiple principals, which in turn might increase the chances of informational asymmetries and weaker monitoring capabilities. The authors argue that facing multiple principals, which are uncoordinated in their efforts to combine their different interests, the agent has more discretion and can get away with doing nothing to increase the development of the state or the well-being of its constituents. Short time horizon of leaders has a negative effect on political accountability, because leaders possess powers that have an expiration. Thus, they tend to focus on short-term enrichment instead of channeling his/her efforts on providing collective goods.

To sum up, legislatures and judiciaries are limited with regards to their capabilities to effectively oversee, scrutinize and penalize the executive in developing democracies. The problem becomes even worse in presidential systems where the government has the exclusive rights on how policy information is distributed to other branches. This makes it harder for the legislature to properly evaluate and scrutinize the executive, even when the members of the parliament are not under the influence of corrupt behavior to begin with.

In this sub-section of the thesis, a possible causal pathway was introduced. In developing democracies, due to the lack of proper and transparent channels of information, and lack of strong procedural and substantive laws to combat corruption, both the legislature and the

judiciary are ineffective in overseeing the executive branch of the government. The systems of checks and balances are thus compromised and in presidential systems, where the executive branch is under the president's leadership and is completely removed from the legislature, is able to practice any sort of corruptive behavior, without the fear of any sort of retaliation.

3.2 Research question and hypothesis

The thesis focuses on how presidentialism affects corruption levels in developing democracies. To explore this relationship, a research question is needed to guide the thesis. Based on the theoretical approach, prior scholarship and its gaps that have been identified in the literature review, the following research question emerges:

Are developing democracies with a higher degree of presidentialism associated with higher levels of corruption?

The aim of the thesis is not only to examine the relationship between presidentialism and corruption, but also to explain it. Thus, if presidentialism does have an effect on the levels of corruption in developing democracies, how can this effect be explained? The lack of causal mechanisms is one of the gaps that was identified in the literature review. The thesis aims to shed light on the matter by adapting previous frameworks for measuring presidentialism and its effects on QoG into a new conceptualization of presidentialism. Moreover, the thesis will be using new data, different set of analyzed cases and an interaction variable which acts as the causal pathway. To achieve the aim of the thesis and to answer the research question, the following hypothesis was generated:

H1: The higher the degree of presidentialism in a developing democracy, the more likely is the state to exhibit higher levels of corruption, due to the lack of judicial and legislative constraints on the executive.

4 METHODOLOGY AND DATA

This thesis aims to increase our understanding of how presidentialism affects the levels of corruption in developing states. As mentioned previously, research in the field on presidentialism is a very established field, yet this thesis argues that new knowledge can be added to the current scholarship. My hypothesis, which is in line with the theory, is that the more presidential powers a head of state has in his possession the higher the association is with control of corruption in a developing state, due to lack of judicial and legislative constraints on the head of state. This means that there is a negative correlation between the measure of presidential powers interacting with lack of judicial and legislative constraints on the executive with control of corruption.

This thesis opted for an Ordinary Least Squares (OLS) multivariate regression in order to find out whether there is a correlation between the measure of presidential powers interacting with a measure on the extent of judicial/legislative constraints and control of corruption. Six control variables will be introduced in the regression which will result in a total of nine regression models. The thesis employs cross-sectional data for the OLS multivariate regression analysis, which means that the population consists of states in one point of time. The thesis opted for the year 2012, due to the availability of data.

4.1 Case selection

A large-N study should reach at least 30 number of cases for the purpose of ensuring statistical relevance. The cases have been selected based on two criteria - democracy and economic development. For a case to have been included in the analysis, it had to be a developing democracy. One of the goals of this thesis is to compare which democratic arrangements are associated with lower levels of corruption, which in turn requires a comparison between democratic states. The thesis focuses on developing democracies, because of the states' relative democratic youth. Developed states such as the US and most of the EU democracies have a long tradition of democracy. Therefore, developed democracies were excluded from the analysis to allow the thesis to make comparison between relatively similar cases.

There are several indicators that show whether a state is democratic or not. However, this paper opted for the Freedom House indicator found in the Vdem dataset (Coopedge et al. 2017), which denotes a state's status of freedom. The variable *e_fh_status* is a categorical variable with values 1- free, 2- partly free and 3- not free. These are values recoded from

Freedom House's original coding which had values from 1 through 7, with 1 representing the highest and 7 the lowest level of freedom. A state is considered "free" if it scored an average rating of 1.0 to 2.5, "partly free" if it scored a rating 3.0 to 5.0 and "not free" if it scored a rating above 5.5. Since, I decided to analyze democratic states, I excluded every case that scored a rating higher than 5.5, hence removing cases with the value of 3 in the VDem dataset. The included cases are thus considered either "free" or "partly free". I chose to include "partly free" states in my analysis as well, because while they might not share a substantial array of civil liberties as "free states" do, "partly free" states still qualify as electoral democracies by Freedom House, which is pertinent to my analysis of presidentialism.

The next criteria, *development*, has been a source of controversy for some time now, because technically, there is no universally accepted criteria for what makes a state developing or developed. Then there is the issue of labelling a state as a developing one, indicating some sort of inferiority when comparing to a developed state. The World Bank has of 2016 ceased to divide state into two groups according to the concept of developed and developing. Nonetheless, a line in the sand had to be drawn and the thesis includes states based on their income. The World Bank (2017) classifies states into four income groups based on their gross national income (GNI) per capita: low income, lower middle income, upper middle income and high income countries. States that fell below the high income ($12,475) have been included in the analysis, while the rest have been excluded. All the cases that have been included in the analysis can be considered as developing states, which also matches the states designated as developing economies by the International Monetary Fund's World Economic Outlook Report of 2015. The GNI data for the analyzed states was taken from the QoG Standard Dataset (Teorell et al. 2017).

Based on the two criteria, 83 cases/states were included in the analysis spanning multiple continents and regions. 83 developing democracies is more than enough to provide sufficient statistical relevance.

4.2 Variables

4.2.1 Dependent variable: Control of Corruption

The dependent variable should capture the level of corruption in an individual state. Corruption is generally defined as an action of abusing entrusted power for private gain and it includes both grand and petty corruption (Transparency International 2017).

The paper's initial option was to use one of the corruption indicators from the VDem Dataset such as the Executive corruption index or the Political corruption index (Coopedge et al. 2017). However, the thesis decided against it because it already uses independent variables constructed from VDem indicators.

Therefore, the thesis opted for the Control of Corruption index compiled by the World Bank (CORRWB) from 2012 which can be found in the QoG Standard Dataset (Teorell et al. 2017). Similarly, to the Transparency International "perception of corruption", it includes both petty and grand forms of corruption and the "capture" of the state by elites and private interests. However, unlike the Corruption Perception Index (CPI), it measures corruption in the public and private sector and relies not only on expert polls, but also on public opinion polls. The values range from -2.5 (most corrupt) to 2.5 (least corrupt). In the thesis' sample, the most corrupt state Burundi has a Control of Corruption value of -1.44, while the least corrupt state, Botswana, holds a Control of Corruption value of 0.92.

A caveat when using the CORRWB index is the same as with CPI. It is based on perceptions and it is highly discussed whether perceptions of corruption judged by survey responses accurately represent an empirical reality (real corruption). However, this paper would argue, as most other scholars have before, that it is highly unlikely that there would be low correlation between perceptions of corruption and actual corruption. To examine this, a bivariate analysis between the VDem v2exbribe, which measures how routinely do members of the executive grant favors in exchange for bribes (coded by country experts, usually 5 or more), and the CORRWB index. The value of Pearson's r was 0,705, indicating a high association between the two variables.

4.2.2 Independent variables

4.2.2.1 Measuring powers of the head of state with VDem variables

VDem has created several variables that describe the powers of both the head of state and head of government for each respective state. While the information for head of government is somewhat lacking in recent data, head of state data is up to date. The most significant advantage over using these variables instead of those employed by previous researchers, is that they measure use of said powers in practice, giving a more "real" picture of the powers a head of state has in each state.

The independent variable is a composite interval variable that was named *parpres*, which is a measure of the degree of power the head of state holds in each state. The higher the score, the

more power the head of state has in his or her possession and the higher the level of presidentialism. This variable was created by recoding and averaging eight of VDem's variables on head of state and head of government characteristics (Coopedge et al. 2017). The variables included are:

1. HOS removal by legislature in practice (***e_v2x_corrv2exremhos_osp*** recoded into *HOSremove*)
2. HOS dissolution of legislature in practice (***v2exdfdshs_osp*** recoded into *HOSdissolve*)
3. HOS appoints cabinet in practice (***v2exdfcbhs_osp*** recoded into *HOSappoints*)
4. HOS veto power in practice (***v2exdfvths_osp*** recoded into *HOSveto*)
5. HOS dismisses ministers in practice (***v2exdfdmhs_osp*** recoded into *HOSveto*)
6. HOS proposes legislation in practice (*v2exdfpphsosp* recoded into *HOSpropose)*
7. HOS is also HOG (***v2exhoshog*** recoded into HOSHOG)
8. HOS power relation with HOG (***v2ex_hogw*** recoded into *HOSHOGpower*)

Recoding was done so that the values were increasing according to the power each head of state had (eg. higher value if it was less likely for the legislature to remove the head of state instead of originally a lower value). The coding can be observed in Appendix D.

In the following section the thesis argues examines the new measure. *HOSremove* might not be considered as an actual power at first glance, but it can be defined as a *passive* power. The harder it is for the legislature to remove the head of state from office, the easier it is for the head of state to engage in corrupt behavior.

HOSdissolve can be considered a very important power for the head of state. The easier it is for him/her to dissolve the parliament the easier it is for him/her to have a legislature ruled by the party the head of state is a part of. The theoretical advantage presidential systems have over parliamentary ones is the systems of checks and balances. That advantage dissolves when the head of state is part of the majoritarian political party in the legislature.

HOSappoints is an important presidential power. The easier it is for the head of state to appoint the cabinet without an approval of the legislature or other entity, the easier it is for the head of state to do as he wishes.

HOSveto is one of the most important powers a head of state has in its disposal and has been used as a measure for power by other researchers. The easier it is for the president to veto a

legislative proposal, the easier he or she can pursue or rather "override" policies that do not suit his or her particularistic or group interests.

HOSdismisses has also been employed by other researchers mentioned previously. The ability to dismiss ministers that do not fit the president's interests any longer can give the head of state more power to pursue his individual interests, by employing a more sympathetic minister.

HOSpropose is a measure of the president's ability to propose legislation and it is a power associated with presidential systems. Presidents in such political systems can potentially propose legislation that would benefit their individual or group interests.

The final two variables describe the head of state's relationship with the head of government. These variables are important for this measurement, as they capture the complexities of semi-presidential political systems. The first one, *HOSHOG,* is important when defining the political system and the powers of the head of state. When the head of state is also the head of government, the power level is of course increased when comparing with the opposite scenario.

Lastly, we have the variable *HOSHOGpower,* which measures the relative power the head of state has over the head of government when appointing and dismissing cabinet ministers. This is an important measurement that needs to be included to capture the complexities of political systems where the office of head of state and head of government are not held by the same person.

4.2.2.2 Interaction with judicial and legislative constraints

This is where the thesis truly diverges from the rest of the scholarship. The single most important argument for the advantage of presidential systems is the effective system of checks and balances in place between the executive, legislature and judiciary. However, the thesis (and some scholars) believe that this is not the case when it comes to developing democracies. Here, the paper referers once more to Djankov (2003) who argues that for a democratic country to successfully transition to a democracy, it must have developed institutions before-hand. An effective legislature and judiciary in presidential systems, such as the US, can very often impede the president's action, resulting even in impeachments.

To analyse the inefficiency of this checks and balances system, this paper needed variables that would capture judicial and legislative constraints on the executive. Fortunately, the

VDem dataset captures this phenomenon with two variables: *Judicial constraints on the executive index* (*v2x_jucon*) and *legislative constraints on the executive index* (*v2xlg_legcon*) (Coopedge et al. 2017). The former is an index composed of indicators for how much does the executive respect the constitution, its compliance with the judiciary, compliance with the high court, high court independence and lower court independence. The latter, on the other hand, is an index that consists of indicators for how much the legislature question officials in practice, executive oversight, how much the legislature investigate the executive in practice and the strength of legislature's opposition parties. As was the case with the main independent variable, both measurements are based on actions in practice which contributes to a more realistic picture of the situation. A higher value in each variable signifies a higher level of constraint on the executive. Since, I needed the variables to correlate negatively with Control of Corruption, I transformed both variables via deducting their original values from 1. Thus, a higher value now signifies less constraints on the executive. The coding can be observed in Appendix E. Next, both variables were merged and their mean values were calculated. The mean value represents the average lack of constraint (legislative and judicial) on the executive.

The last step was to merge the main independent variable with the measure of lack of constraints on the executive. This was done by multiplying the variable *parpres* with *lackconsttraint*. The new variables was named *interaction*. The variables *lackconstraint* and *interaction* represent the causal pathway for the relationship between degree of presidentialism and corruption, i.e. the lack of checks on those powers.

4.2.3 Control variables

In my modeling choices, I looked for significant determinants of corruption that proved to be significant in the previous research to avoid omitted variable bias. The first control variable I decided to use is GDP per Capita measured by the World Bank. GDP per Capita is a commonly used control variable, as countries with more economic resources have a better chance in building state capacity and thus have the ability to tackle corruption (Mauro 1995). Wealthier countries have been found to exhibit less corruption on average, indicating that the level of economic development can be a strong determinant of corruption or QoG (Charron and Lapuente 2010). The GDP per capita variable was taken from the QoG Standard Dataset, where it can be found under the name *wdi_gdppccur* (Teorell et al. 2017). The paper used a natural logarithm of that variable, as it was not evenly distributed. The new variable was then named *ln_GDP*.

Since this cross-sectional analysis involves developing democratic states, a large number of them have economies that rely on the natural resources. By definition, natural resource rents (NRR) are different from other incomes, such as tax revenues or agricultural profits. Generating NRR involves the population to a minimal degree, as extraction is not particularly labor intensive. Another important aspect of NRR is that government profits can be enormous (Morrison 2009). However, Anthonsen et al. (2009) argue that greater fiscal dependency on external sources of government income the greater the likelihood is for low QoG due to lower vertical integration in society. Through a time-series cross-sectional OLS regression the found that NRR have negative effects on QoG, measured by indicators of bureaucratic quality, legal impartiality and levels of corruption. They argue their findings by saying that lack of development of a tax administration hampers bureaucratic professionalization and that NRR is profit with no political conditions attached. This in turn means that there are less incentives for elites to ensure accountability to the public. The variable *wdi_natrr* from the QoG Standard Dataset was used to control for natural resource rents. The variable measures the total natural resources rents as % of GDP and is the sum of oil rents, natural gas rents, coal rents, mineral rents, and forest rents (Teorell et al. 2017). The variable was renamed to *nrents*, and later due to logging, *ln_nrents*

Education and freedom of press have been used as an independent and control variable in several different researches. In a study by Lindstedt and Naurin (2005), the authors argued that transparency is an effective method of combating corruption under specific conditions. In their article education is used as an interaction and a control variable as they wanted to test if the correlation between freedom of the press and corruption could be accounted by the level of education and if higher levels of education increase the effect of the freedom of the press. The authors find that the interaction effect of freedom of the press with education and electoral democracy is associated with lower levels of corruption. The variable *e_peaveduc* (renamed to *education*), obtained from the VDem Dataset (Coopedge et al. 2017), measures the average years of education among citizens older than 15. Due to education being used prominently as a control variable in previous research, it should also serve as a suitable control variable for this thesis as well. The variable *v2mecenefm_osp*, also obtained from the VDem Dataset (Coopedge et al. 2017), measures the governments' censorship effort on media. The variable was recoded and renamed to *medcensor so* that a higher value indicates more censorship instead of less (as was originally coded). Since I could none of the other

variables related to media freedom had enough cases, I chose this variable as a proxy for media freedom.

Women's political participation has also shown some correlation with levels of corruption. In the article Women's Representation, Accountability, and Corruption in Democracies, Esarey and Schwindt-Bayer (2015) argue that higher women's representation is linked to lower corruption due to electoral accountability, which they define as the ability of voters to identify corrupt politicians and punish them in the elections. Furthermore, they argue that the relationship between women's representation and corruption is proportional to the risk of being held accountable for corruption. They performed a time-series OLS linear regression on 78 democracies from the year 1990-2010. Through their findings they argue that greater levels of female representation is associated with lower levels of perceived corruption in countries where corruption is risky. Furthermore, more pertinent to the thesis, they find that women's representation is negatively associated with perceived corruption in parliamentary systems. The VDem Dataset (Coopedge et al. 2017) contains the variable *v2x_gender* (renamed to *fempolemp*) which measures the political empowerment of women in a state. Due to the findings, the above study had, this variable would be ideal as a control variable for the analysis.

For the last control variable, I opted for an indicator that represents the level of democracy of a state. There are several variables one can choose, from various datasets, yet, most are lacking up to date data. The only database that has up to data values is Freedom House. The variable *e_fh_polity2*, found in the VDem Dataset (Coopedge et al. 2017), measures the level of democracy of a state on a 0-10 scale. However, this variable also contains some missing cases, therefore, *e_fh_ipolity2* (renamed into *ipolity*) is an imputed version of the same variable, meaning that it adds values to states where data on Polity is missing by regressing polity on the average Freedom House measure. According to Hadenius and Teorell (2005), this index performs better in regards to validity and reliability than its constituent parts. To show validity for the choice of this variable, the paper refers to Charron's and Lapuente's article (2009), where they argued that democracy can be a correlate of corruption. The authors also employed the Freedom House's index of democracy and concluded that relationship between democracy and QoG is conditional, based on economic development.

4.3 Summary of collected data

The modified dataset now includes 83 states that fall into the developing democracies category, based on the GNI and status of freedom respectively. For the dependent variable, the opted for the Control of Corruption variable which was designed by the World Bank and is based on perceptions. However, unlike the CPI, it measures both political and administrative corruption.

The independent variable, *parpres*, measures how much power the head of state has in each state. A higher value signifies more power and prerogatives the individual possesses. The value represents the mean of eight original VDem variables that are equally weighted. To find the missing link between level of presidentialism and corruption, an interaction was established between the main independent variable and *lackconstraint*, which signifies to which degree does the judiciary and legislature lack in constraining the executive. The interaction effect was then named *interaction*.

All control variables show association with levels of corruption in previous researches, thus making them suitable to pass for control variables in this thesis. Some control variables had to logged. The comparison between the original variables and their logged value can be found in Appendix C. The summary for all variables can be found in Appendix A.

There are several limitations to the collected data, chief among them being the year the data was collected. While I would still argue that this data is more up-to date when comparing to previous researches, the data is still almost five years old and several states that might have been considered developing at the time might have passed that threshold in the following years. In another case, such as the case with Sri Lanka, the head of state has considerably less powers now than he did in 2012. Moreover, the data for some of the independent variables (that includes the variables *parpres* and *lackconstraint*, including their sub-variables) was collected by country experts. One should keep in mind that there is a possibility of biasness in the collected data. Furthermore, not all cases have the values of the control variables, that is why the regression analysis will be missing some cases in the final models.

5 ANALYSIS AND RESULTS

This section will present the analysis and the results of the OLS multivariate regression which will either support or reject the hypothesis that there is a negative linear relationship between degree of presidentialism (*parpres*) and control of corruption (*concor*). The relationship is expected to be negative due to the coding of both variables (a lower value of *concor* is equals less corruption in each state).

First, the thesis conducts a bivariate analysis between the independent variable and dependent variable. Later, additional bivariate analyses between the dependent variable and each control variable. The latter test is designed to detect whether all of the explanatory variables show any correlation with the dependent variable. If they do, they can be kept in the analysis. A test for detecting outliers will also be used in the analysis. Bivariate analyses between the explanatory variables is also required in order to test for multicollinearity. Additionally, a Variance Inflation Factor (VIF) test will be conducted as an additional measure for detecting multicollinearity. The final preliminary test will be a test for heteroscedacity.

5.1 Preliminary statistics

The following table describes all the variables that will be used later in the multivariate regression models. All variables are continuous measurements.

To show whether there is an association between the dependent and independent variable, and the control variables, we use the Pearson product-moment correlation coefficient (Pearson's r). This measurement is used when exploring relationships between interval variables. It is a measure of both the direction and strength of association between variables with a value of -1 indicating a perfect negative correlation and the value of +1 indicating a perfect positive correlation, however, neither of the extremes occur regularly. Figure 1 depicts an unconditional bivariate relationship between the dependent variable *concor* and the independent variable *parpres*. The linear regression line shows how a perfect correlation would look like.

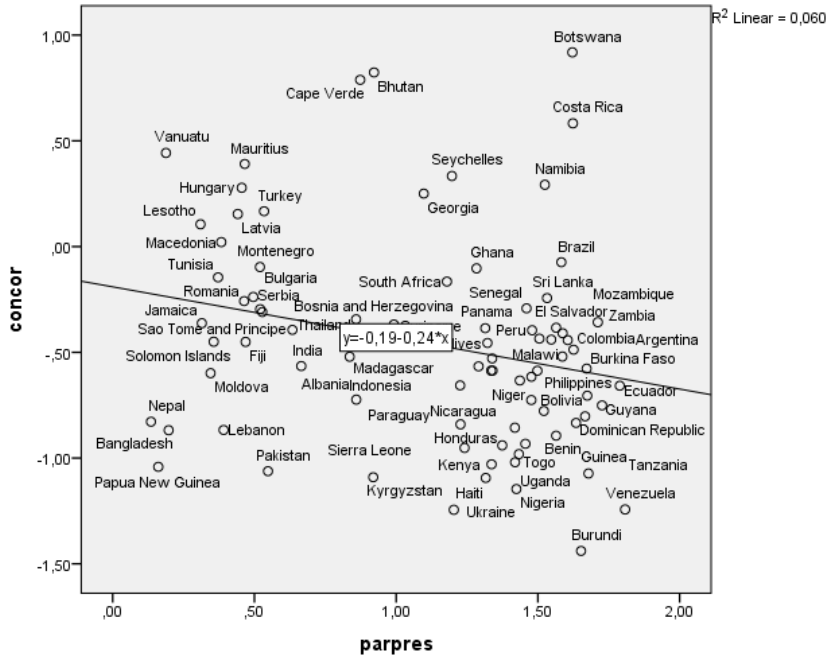

Figure 1. Linear regression scatterplot.

The downward line of the scatterplot suggests a negative relationship between the key explanatory variable and the outcome variable. It is hard to tell solely based on the graph which states can be considered outliers, therefore, further tests are required. To find potential outliers a leverage versus squared residual plot was produced (Figure 2).

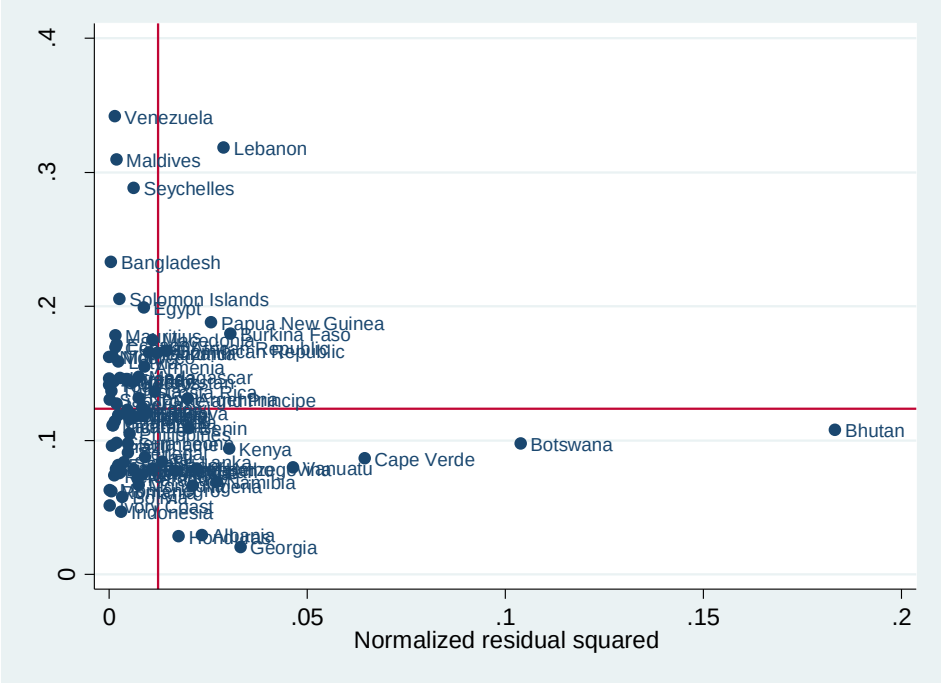

Figure 2. Leverage versus squared residual plot outlier test.

The plot was created after the final regression model was produced. In this plot, normally one would delete cases that are right from the vertical line and above the horizontal one. However, in this case, none of the cases are far from both lines simultaneously, thus I chose not to delete any cases prior to the OLS regression analysis.

Table 1 shows the results of the bivariate analyses between the explanatory variables and the dependent variable. All variables are correlated with the dependent variable at a significant level.

VARIABLE	PEARSON'S R
parpres	-0.246*
lackconstraint	-1.458***
GDP	0.442**
ln_nrent	-0.320**
ipolity	0.484**
education	0.078**
medcens	-0.315**
fempolemp	0.314**

Table 1. Pairwise correlations between the explanatory variables and the dependent variable

Table 2 reports pairwise correlation between the explanatory variables. Usually, whenever there are correlations between explanatory variables that exceed the Pearson´s r value of 0.8, multicollinearity occurs. However, none of the correlations exceed that value.

Variables	***parpres***	***interaction***	***ln_GDP***	***ln_nrents***	***ipolity***	***education***	***medcens***	***fempolemp***
parpres	1.00	0.576**	-0.182	-0.291**	-0.258*	-0.258*	0.167	-0.050
ln_GDP	-0.182	-0.326**	1.00	-0.418**	0.417**	0.768**	-0.174	0.364**
ln_nrents	-0.291**	0.176	-0.418**	1.00	-0.140	-0.355**	0.111	-0.009
ipolity	-0.258*	-0.545**	0.417**	-0.140	1.00	0.386**	-0.623**	0.518**
education	-0.258*	-0.337**	0.768**	-0.355**	0.386**	1.00	-0.080	0.385**
medcens	0.167	0.530**	-0.174	0.111	-0.623**	-0.080	1.00	-0.268*
fempolemp	-0.050	-0.233*	0.364**	-0.009	0.518**	0.385**	-0.268*	1.00

Table 2. Pairwise correlations between explanatory variables.

As an additional test for multicollinearity, VIF and tolerance values were taken into account. According to Field (2009, p. 325) a VIF value higher than 5 with a tolerance value of 0.2 indicates signs of multicollinearity. As can be seen in Table 3, no values come close to that value, thus multicollinearity is not assumed.

	Tolerance	VIF
parpres	,592	1,690
interaction	,422	2,370
ln_GDP	,371	2,694
ln_nrents	,741	1,349
ipolity	,415	2,410
education	,377	2,652
medcens	,495	2,020
fempolemp	,667	1,499

Table 3. Tolerance and VIF values.

When conducting an OLS regression, one has to make an assumption that the errors are constant (homoscedasticity). The test for heteroscedasticity involves charting a diagram between the regression's standardized residuals and standardized predicted values. If a certain shape could be made out from the scatterplot (a megaphone or an hourglass) then homoscedasticity could not be assumed. However, as seen from the model in Figure 3, the cases are not spread out in any particular way, meaning that homoscedasticity can be assumed.

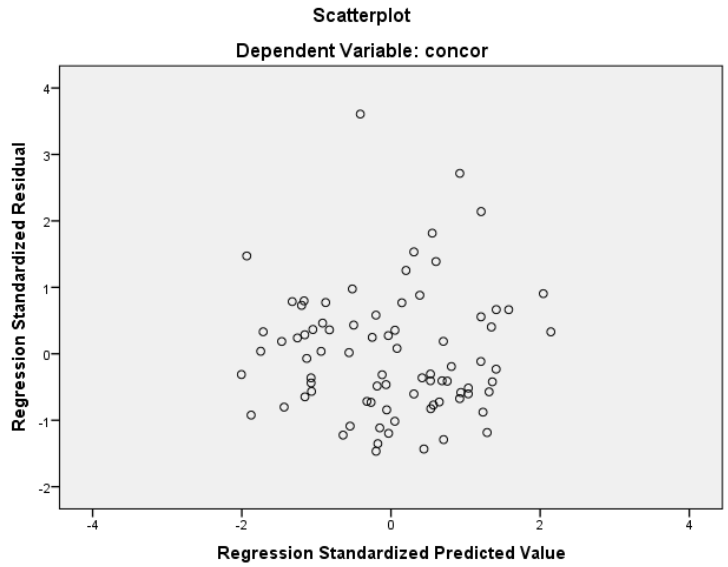

Figure 3. Homoscedasticity test.

5.2 Multivariate OLS regression

The multivariate regression tests the association between the dependent variable and explanatory variables (main independent, interaction and control variables) in 5 models. In each model an additional independent variable is added, starting with the main independent variable *parpres*. In the second model the interaction variable is added. In the last three models the control variables are added to see if the interaction remains significant. Table 3 reports estimates from the multivariate regression analysis.

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se
parpres	**-0.242***	**-0.078**	**0.035**	**0.062**	**0.071**	**0.095**	**0.084**	**0.066**	**-0.032**
	(0.11)	(0.10)	(0.21)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.21)
lackconstraint		**-1.387*****	**-0.992**	**-0.675**	**-0.797**	**-0.510**	**-0.497**	**-0.956**	**-1.686**
		(0.27)	(0.69)	(0.65)	(0.65)	(0.70)	(0.70)	(0.77)	(0.95)
interaction			**-0.322**	**-0.328**	**-0.257**	**-0.311**	**-0.309**	**-0.210**	**0.197**
			(0.52)	(0.48)	(0.48)	(0.48)	(0.48)	(0.49)	(0.59)
ln_GDP				**0.162*****	**0.136****	**0.122***	**0.150***	**0.145***	**0.135**
				(0.04)	(0.05)	(0.05)	(0.07)	(0.07)	(0.07)
ln_nrents					**-0.032**	**-0.033**	**-0.034**	**-0.039**	**-0.047**
					(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
ipolity						**0.041**	**0.043**	**0.061**	**0.074**
						(0.04)	(0.04)	(0.04)	(0.04)
education							**-0.017**	**-0.026**	**-0.035**
							(0.03)	(0.03)	(0.03)
medcens								**0.153**	**0.188**
								(0.11)	(0.11)
fempolemp									**0.080**
									(0.48)
_cons	**-0.190**	**0.141**	**0.010**	**-1.412****	**-1.160***	**-1.448****	**-1.565****	**-1.663****	**-1.524***
	(0.13)	(0.13)	(0.25)	(0.45)	(0.49)	(0.55)	(0.58)	(0.59)	(0.65)
R-sqr	0.060	0.291	0.294	0.397	0.412	0.421	0.424	0.439	0.449
N	83	83	83	83	83	83	83	83	81
BIC	121.8	102.9	106.9	98.1	100.6	103.6	107.7	109.9	111.3

*Table 1. Multivariate regression model. * p<0.05, ** p<0.01, *** p<0.001*

The first model is a confirmation of the assumption that with more presidential powers there is lower control of corruption. As explained in the bivariate regression table, the relationship is negative and significant at a p<0.05 level. The value of -0.242 indicates that a one unit increase of the degree of presidential powers leads to a decrease in approximately 0.242 of control of corruption in average.

However, adding the interaction term *lackconstraint* and the variable *interaction* (where *parpres* and *lackconstraint* are multiplied) results in all three variables losing significance. The relationship was tested further by adding control variables.

The control variable *ln_GDP* with the coefficient value of 0.162 and being significant at $p<0.001$ was positively correlated with control of corruption. The coefficient value means that for each one unit increase in *ln_GDP,* control of corruption increases by 0.162.

Adding the control variables *ln_nrents, ipolity, education* and *medcens* did not change the level of significance of any of the interaction variable. However, after adding *ln_nrents* and *ipolity* to the regression analysis, *ln_GDP* went from being significant at $p<0.001$ to $p<0.01$ and $p<0.05$ respectively. The variable remained at that level of significance until the last control variable was introduced, *fempolemp,* after which *ln_GDP* became not significant.

The final value of R^2 is 0.449 which means the final regression model explains about 44% of the total variance for control of corruption. As corruption is difficult to fully predict, it is generally hard to get an R^2 above 0.50, therefore, the value 0.449 seems acceptable.

Moreover, to further test the relationship between the *interaction* variable and control of corruption, a robustness check was carried out. In appendix F3, two different OLS regression analysis results are shown. In the first robustness checks, same predictors were used as in the original OLS regression, but the dependent variable has been changed to measuring corruption using the Corruption Perceptions Index instead of Control of Corruption. The variable *interaction* was not significant in any of the models, but, *lackconstraint* was significant throughout the specifications. *Ln_GDP* was significant only until *ln_nrents* was introduced to the analysis, which was significant throughout the remaining models. In the second robustness check, the dependent variable from the original OLS regression remained the same, but most of the controls have been changed (see appendix A2 for list of variables). *Interaction* remained not significant throughout the specifications. Furthermore, *lackconstraint* was the only variable that was significant in the final model. In sum, the robustness checks provide further support to the initial results.

There were several limitations when conducting the analysis that need to be taken into consideration. The first limitation was the lack of data for some states. This was particularly noticeable during the robustness checks were cases dropped significantly after adding more control variables. The most important factor that could have affected the results was the sample. First, the sample size was much smaller than most of the researches that were analyzed in the literature review. With fewer observations it is more difficult to find a significant correlation between the independent and dependent variables, especially when introducing the interaction and six control variables to the regression analysis. Second, the

composition of the sample – developing states only – could have also affected the results as, despite all states being classified as developing democracies (based on their GNI and Freedom House values), they still differ from each other in several notable ways. For example, the states covered in the thesis are from around the globe and some states have a colonial history, while other do not.

Moreover, the thesis does not take into consideration the presidents themselves into much consideration. Even with severely underdeveloped judiciary and legislature, a head of state that will want to invest resources into fighting corruption and adopt regulations that promote better quality of governance will manage to succeed in doing so. Rwandan president Kagame, although sometimes accused of political repression, managed to successfully develop Rwanda on key indicators such as health and education, while simultaneously succeeding in his fight against corruption (New African Magazine 2013).

Overall, the thesis' hypothesis that a developing democratic state that exhibiting higher degrees of presidential powers, combined with the lack of proper checks on balances on the executive, will on average show lower control of corruption, does not find support in the data. Therefore, the hypothesis is rejected.

6 CONCLUSION

The aim of this thesis was to answer the following research question: Are developing democracies with a higher degree of presidentialism associated with higher levels of corruption? The debate between presidentialism and parliamentarism and its respective benefits and problems is still ongoing, although not as popular as it was before. Several previous researches have tackled this question with varied results and methods. This is where the thesis departs from previous researches by adding a causal pathway that would attempt to explain this relationship.

Based on the theoretical discussion, the following hypothesis was generated:

H: The higher the degree of presidentialism in a developing democracy, the more likely is the state to exhibit higher levels of corruption, due to the lack of judicial and legislative constraints on the executive.

A multivariate regression analysis was performed to test the hypothesis. The regression analysis consisted of nine models. The interaction variable, which consisted of the main independent variable (*parpres*, the proxy for presidentialism) and its interaction term (*lackcontraint*, the proxy for checks and balances), was added in the third model and it remained not significant throughout the specifications. Based on these results, it can be concluded that the hypothesis should be rejected. The answer to the research question is that based on the results of the analysis, developing democracies with more presidential powers are not associated with higher levels of corruption.

Both schools of thought about presidentialism and parliamentarism have strong arguments for which of these institutional arrangement is better for the overall development of a state. Yet, there are very few researches that take other factors into consideration before attempting to conduct such analyses. Length of democracy, rule of law, independence of institutions etc. are all important when analyzing the effects of the type of executive.

Presidentialism, by itself, is not necessarily the cause for lack of economic development or corruption. Besides the US, another successful presidential state is the Republic of South Korea. In South Korea, an effective system of checks in balances is in place, where the judges are partially appointed by the parliament and partially by the executive. The impeachment process is launched jointly by the parliament and the judiciary (Croissant 2014).

As explained previously, both systems have checks and balances in place (at least in theory). However, in parliamentary systems, the checks and balances are less clear, as the head of government is also part of the parliament and must always have the confidence of the majority if he or she wants to keep the position. In presidential systems, the checks and balances are more clearly defined, as the president (who is also the head of government) does not need to appease the majority in the legislature, thus making the executive and the legislature separate entities. While the theory does make a good case how presidentialism can be a source for bad governance in developing states, the result of the multivariate analysis does not support the theory. However, this only means that more research is required on the matter, as it goes against the results of most of the previous researches. Furthemore, lack of constraints on the executive was observed to be significant throughout most of the models in the robustness checks, indicating that the ineffectiveness of the judiciary and the legislature to successfully oversee the executive is associated with higher levels of corruption. This also supports the literature on underdeveloped democratic institutions in developing democracies. From a policy perspective, this paper to some extent reaffirms the importance an effective judiciary and legislature have in a developing state for curbing corruption.

To write some concluding remarks on this thesis, it has been a challenge to conduct such a study, considering the limitations that it had in front of it. Not only did it have to justify its existence in a literature that stretches decades back into researching this particular issue, it had to critically re-evaluate the same literature in order to add something new to it. The issue needed revisiting, especially now with Sri Lanka slowly transitioning to a parliamentary republic and Turkey slowly digressing from a parliamentary republic to an almost totalitarian regime.

Despite these limitations, the thesis does bring novelty to the field of political science. The thesis attempted to explain how presidentialism could affect corruption levels in developing democracies by introducing the causal pathway of judicial and legislative oversight. While the results did not support the thesis' hypothesis, it at the very least showed that the results of the empirical analysis changes substantially when the following factors are considered: presidentialism being measured as a continuous variable instead of a categorical one, introduction of a causal pathway, and analyzing a smaller, but focused sample size. Future researches on this topic should consider investigating how the presidents as leaders affect this analysis, while also complementing the quantitative analysis with a case study example of Sri Lanka and Turkey.

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APPENDICES

Appendix A: List of all original variables and their sources

A1: Variables used in the primary OLS regression analysis

Name	Original variable name	Renamed/recoded variable	Dataset and Source
Control of Corruption	e_wbgi_cce	concor	Vdem Dataset 6.2; World Bank Governance Indicators
GDP per capita	wdi_gdppccur	GDP	QoG Standard Dataset 2017 version; World Development Indicators
Total natural resource rents (% of GDP)	wdi_natrr	nrents	Qog Standard Dataset 2017 version; World Development Indicators
Imputed Polity	fh_ipolity2	ipolity	QoG Standard Dataset 2017 version; Freedom House
Average Years of Education among citizens older than 15	e_peaveduc	/	Vdem Dataset 6.2; UNESCO
Government Censorship effort - media	v2mecenefm	medcens	VDem Dataset 6.2
Women political empowerment index	vdem_gender	fempolemp	VDem Dataset 6.2
HOS removal by legislature in practice	v2exremhsp_osp	HOSRemove	VDem Dataset 6.2
HOS dissolution in practice	v2exdfdshs_osp	HOSdissolve	VDem Dataset 6.2
HOS appoints cabinet in	v2exdfcbhs_osp	HOSappoint	VDem Dataset 6.2

practice			
HOS veto power in practice	v2exdfvths_osp	HOSveto	VDem Dataset 6.2
HOS dismisses ministers in practice	v2exdfdmhs_osp	HOSdismissministers	VDem Dataset 6.2
HOS proposes legislation in practice	v2exdfpphs_osp	HOSpropose	VDem Dataset 6.2
HOS = HOG	v2exhoshog	HOSisHOG	VDem Dataset 6.2
Relative power of the HOS	v2ex_hosw	HOSHOGpower	VDem Dataset 6.2
Judicial constraints on the executive. Higher value signifies stronger constraints.	v2x_jucon	jucon	VDem Dataset 6.2
Legislative contraints on the executive. Higher value signifies stronger constraints.	v2xlg_legcon	legcon	VDem Dataset 6.2

A2: Variables used in robustness checks

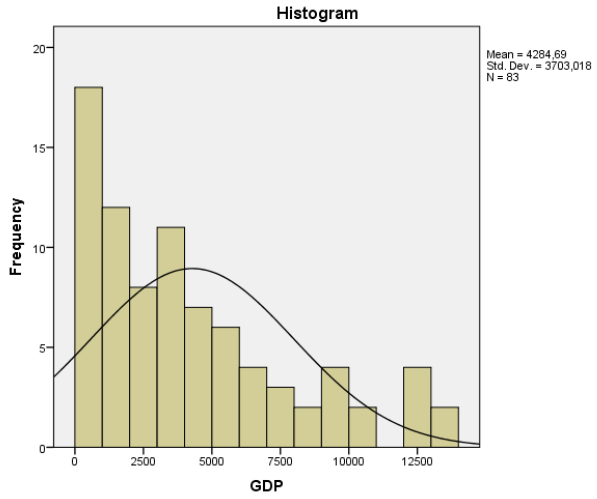
Name	Original variable name	Renamed/recoded variable	Dataset and Source
Corruption Perception Index	e_ti_cpi	/	QoG Standard Dataset 2017 version; Transparency International
Per capita GDP at current prices - US dollars	/	ungdp	UN Data
Fuel exports (% of merchandise exports)	wdi_expfuel	fuel	QoG Standard Dataset 2017 version; World Development Indicators
Proportion of seats held by women in national parliaments (%)	/	/	World Bank Data
Freedom of Expression	bti_foe	freexp	QoG Standard Dataset 2017 version; Bertelsmann Stiftung
Regime Durability	p_durable	/	QoG Standard Dataset 2017 version; Monty G. Marshall and Keith Jaggers

Appendix B: Descriptive statistics of primary variables

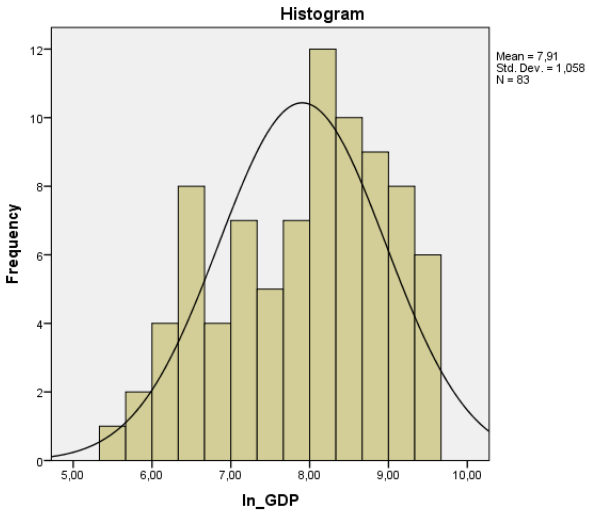
VARIABLE	TYPE	N	MIN	MAX	MEAN	SD
DV: Control of Corruption (*concor*)	Interval	83	-1.44	0.92	-0.460	0.496
IV: Mean of presidential powers (*parpres*)	Interval	83	0.14	0.181	1.1175	0.501
IN: Mean value of lack of constraints on the executive (*lackconstraint*)	Ordinal	83	0	2	0.72	0.686
IVIN: Interaction term (*interaction*)	Interval	83	0.00	3.62	0.909	1.03
C1: GDP per capita (ln_*GDP*)	Interval	83	244	13799	4284.69	3703.018
C2: Total Natural Resource Rents (% of GDP) (ln_*nrents*)	Interval	83	-6.91	3.61	1.314	2.084
C3: Imputed Polity (*ipolity*)	Interval	83	3.17	10.00	7.118	1.678
C4: Average Years of Education among citizens older than 15 (*e_peaveduc*)	Interval	83	1.24	11.01	6.621	2.356
C5: Government censorship effort (*medcens*)	Interval	83	0.10	2.93	1.409	0.647
C6: Female political empowerment (*fempolemp*)	Interval	81	0.44	0.96	0.739	0.116

Appendix C: Graphs showing normal curves and their natural logarithmic values

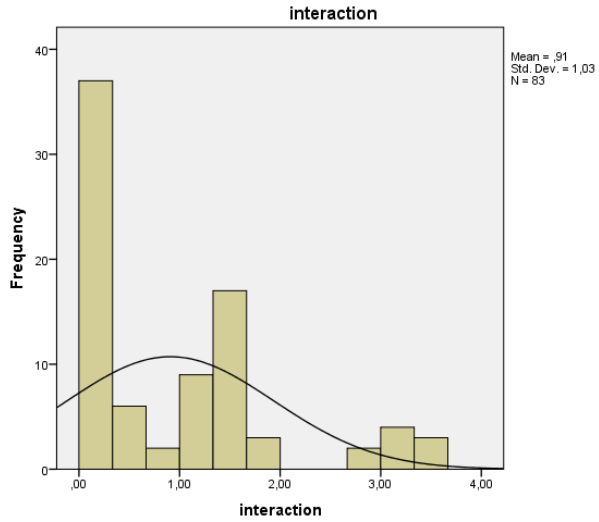
GDP



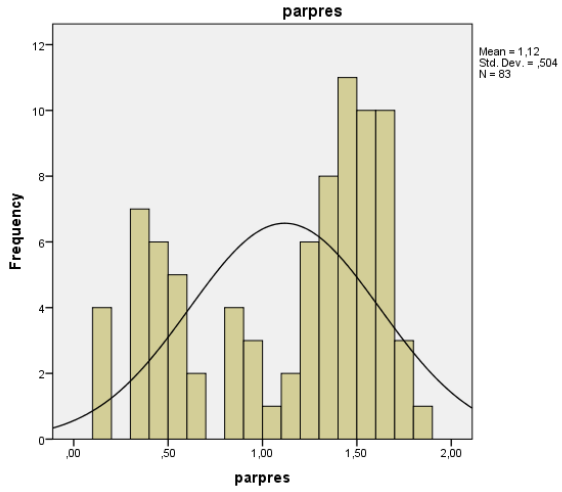
ln_GDP



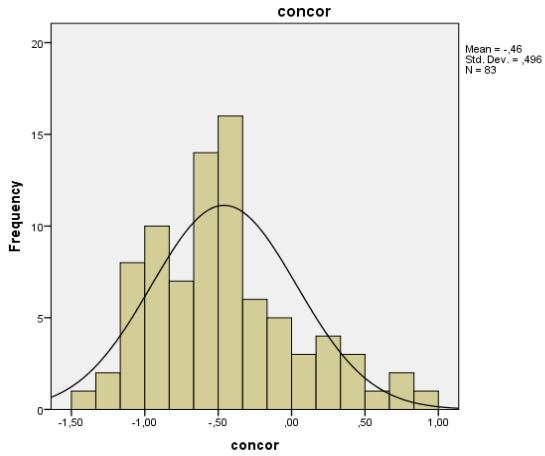
interaction



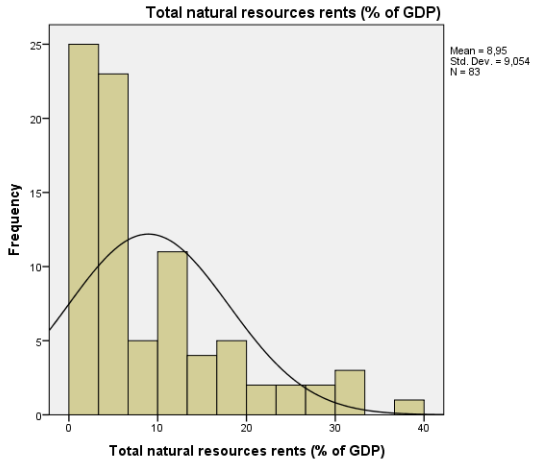
parpres



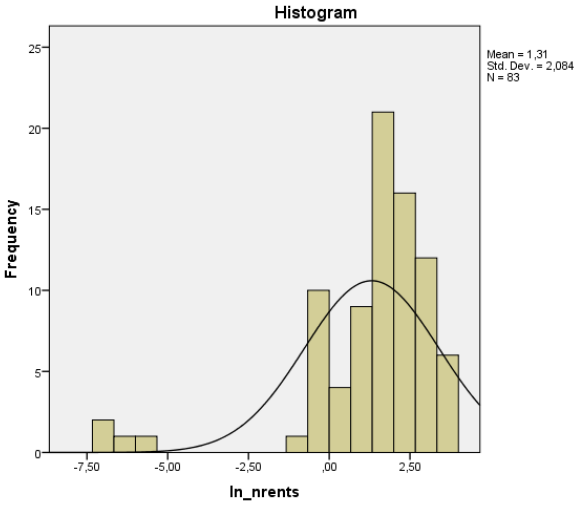
concor



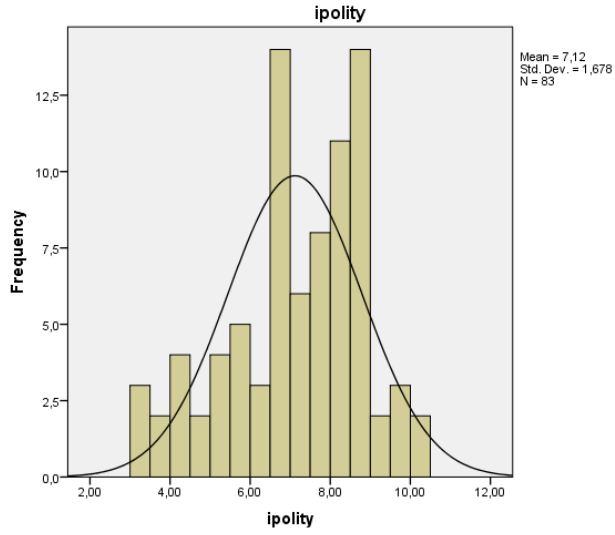
nrents



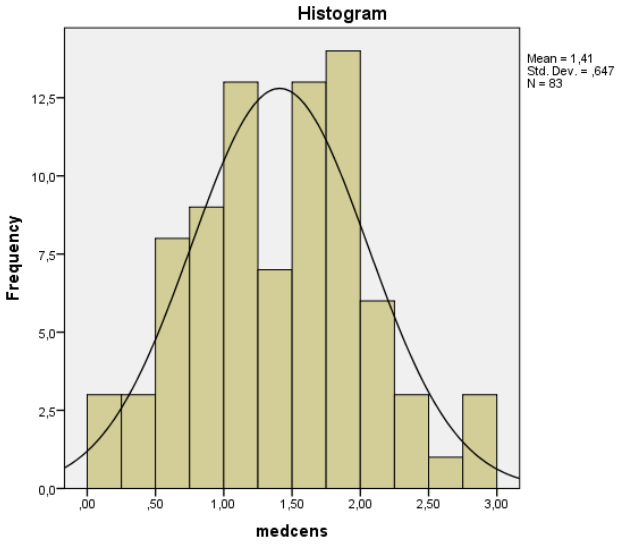
ln_rents



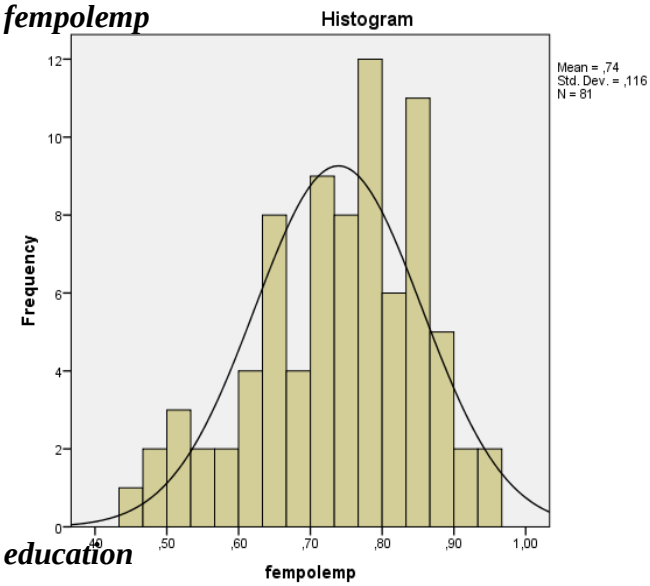
Ipolity



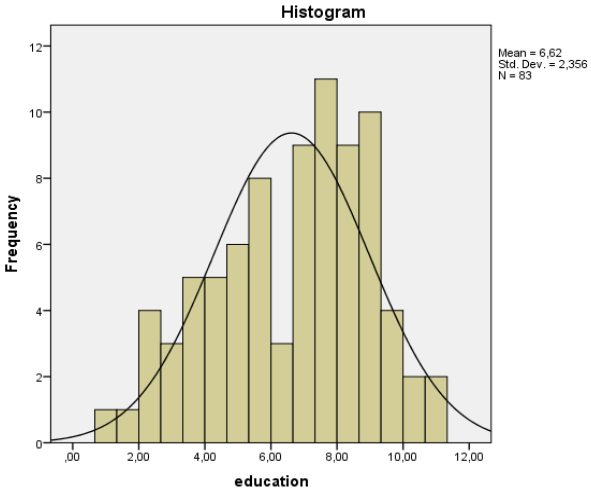
medcens



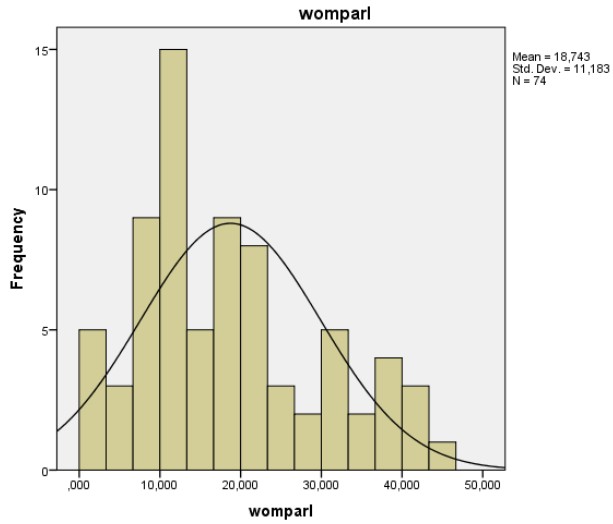
fempolemp



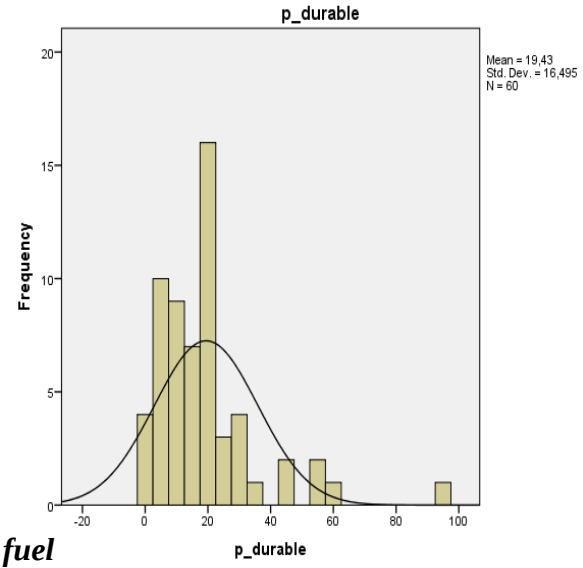
education



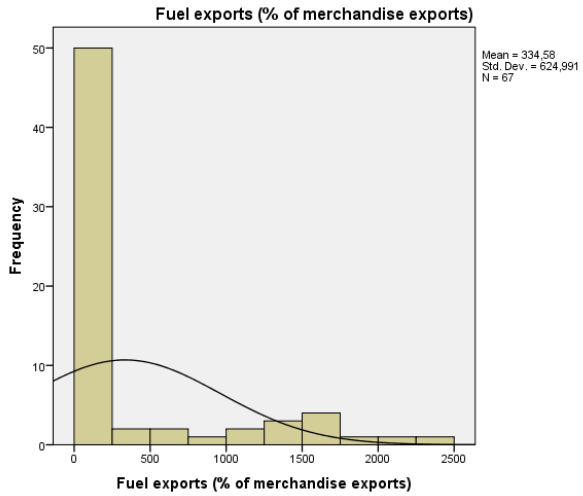
womparl



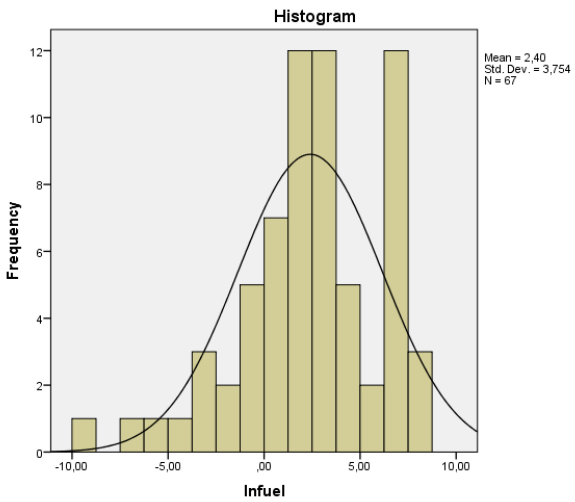
p_durable



fuel



lnfuel



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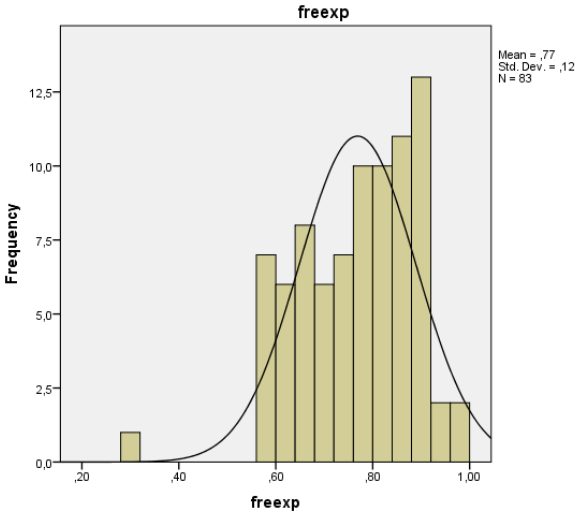
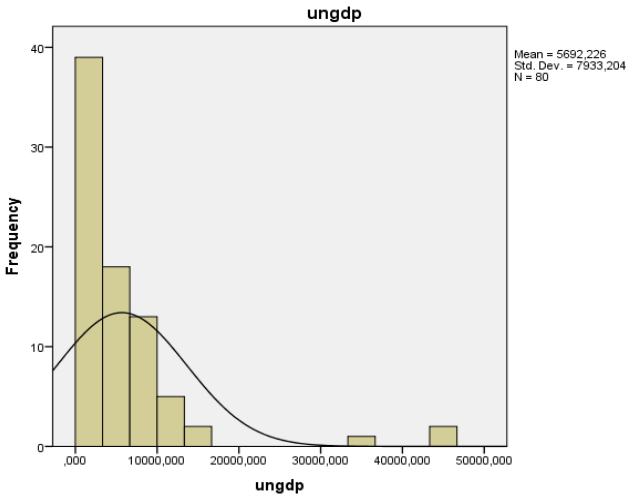
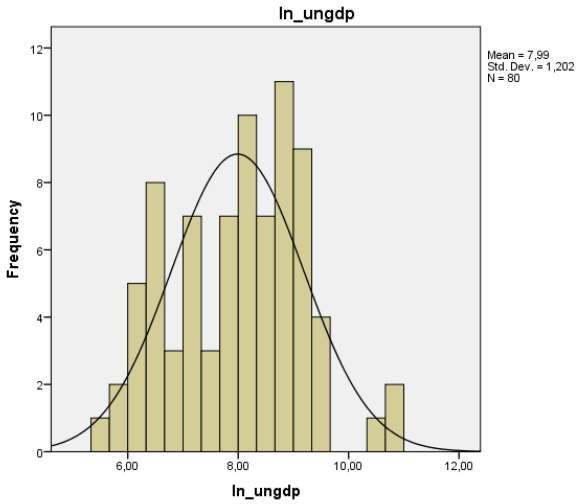


ungdp



ln_ungdp



Appendix D: Construction and coding of *parpres* variable

Original variable	Description	Recoded variable	recoding
v2exremhsp_osp	How likely can the legislature remove HOS in practice. Higher value indicates higher likeliness of success.	HOSRemove	HOSremove= 1-v2exremhsp_osp. Recoded so higher value means that HOS is less likely to be removed.
v2exdfdshs_osp	How likely is the HOS to succeed in dissolving the legislature in practice	HOSdissolve	/
v2exdfcbhs_osp	Does the HOS have the power to appoint cabinet members?	HOSappoint	/
v2exdfvths_osp	HOS veto powers.	HOSveto	/
v2exdfdmhs_osp	Can the HOS dismiss cabinet members at will?	HOSdismissministers	/
v2exdfpphs_osp	The ability of HOS to propose legislation. Higher value indicates less independence in proposing legislation.	HOSpropose	HOSpropose= 2- v2exdfpphs_osp Higher value indicates more independence in proposing legislation.
v2exhoshog	Is the head of state also the head of government?	HOSisHOG	/
v2ex_hosw	Power relation between head of state and head of government, when HOS is not HOG. Higher value indicates more power in favor of the head of state.	HOSHOGpower	/
/	/	parpres	Mean (Hosremove, HOSdissolve, HOSappoint, HOSveto, Hosdismissminiters, HOSpropose, HOSisHOG, HOSHOGpower)

Appendix E: Construction of interaction variable

Original variable	Description	Recoded Variable	recoding
v2x_jucon	Judicial constraints on the executive. Higher value signifies stronger constraints.	jucon	jucon= 1- v2x_jucon Higher value signifies weaker constraints.
v2xlg_legcon	Legislative contraints on the executive. Higher value signifies stronger constraints.	legcon	legcon= 1-v2xlg_legcon Higher value signifies weaker constraints.
/	/	lackconstraint (interval)	Mean (jucon, legcon)
		interaction	COMPUTE interaction=lackconstraint * parpres

Appendix F: Robustness Check

F1: Description of substitute variables

VARIABLE	TYPE	N	MIN	MAX	MEAN	SD
DV: Corruption Perception Index (*e_ti_cpi*)	Interval	79	19.00	65.00	36.506	9.772
C1: UN measure of GDP per Capita (*ln_ungdp*)	Interval	80	5.44	10.69	7.988	1.202
C2: Export of fuel in % of total merchandise exports (*lnfuel*)	Interval	67	-9.40	7.73	2.398	3.754
C3: Women share of parliamentary seats (*womparl*)	Interval	74	0.000	43.800	18.743	11.182
C4: Freedom of expression (*freexp*)	Interval	83	0.29	0.97	0.769	0.120
C5: The number of years since the most recent regime change (*p_durable*)	Interval	60	0	93	19.43	16.495

F2: Bivariate regressions between original and substitute variables

Original and substitute variables	Pearson's r
e_ti_cpi* and *concor	0,966***
ln_nrents* and *ln_fuel	0,410**
ln_GDP* and *ln_ungdp	0.715***
fempolemp* and *womparl	0.502***
medcens* and *freexp	0.817***
ipolity* and *p_durable	0,436**

F3: Robustness checks regressions

Dependent variable: *e_ti_cpi* (Corruption Perception Index); same predictors

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se
parpres	-4.561*	-0.089	-0.928	-0.540	0.921	1.034	0.908	1.037	1.139
	(2.20)	(1.98)	(2.36)	(2.26)	(2.29)	(2.29)	(2.32)	(2.31)	(2.35)
lackconstraint		**-32.393*** **	**-38.610*** **	**-32.325** **	**-34.324** **	**-30.586** **	**-29.928***	**-37.785** **	**-36.132** **
		(5.46)	(10.84)	(10.62)	(10.36)	(11.18)	(11.31)	(12.85)	(13.28)
interaction			**1.389**	**1.196**	**1.279**	**1.174**	**1.085**	**1.523**	**1.178**
			(2.09)	(2.00)	(1.95)	(1.95)	(1.97)	(1.99)	(2.08)
ln_GDP				**2.436** **	**1.588**	**1.354**	**1.803**	**1.686**	**1.654**
				(0.87)	(0.93)	(0.96)	(1.32)	(1.32)	(1.34)
ln_nrents					**-1.167***	**-1.137***	**-1.131***	**-1.194***	**-1.251***
					(0.51)	(0.51)	(0.51)	(0.51)	(0.52)
ipolity						**0.657**	**0.719**	**1.110**	**0.983**
						(0.73)	(0.74)	(0.80)	(0.86)
education							b/se	-0.429	-0.491
							(0.58)	(0.58)	(0.60)
medcens								**2.782**	**2.887**
								(2.19)	(2.27)
fempolemp									**5.953**
									(9.59)
_cons	**41.726*** **	**48.492*** **	**50.450*** **	**28.661** **	**35.974*** **	**31.652** **	**29.538** **	**27.073***	**23.724**
	(2.74)	(2.55)	(3.90)	(8.67)	(9.01)	(10.22)	(11.12)	(11.24)	(12.37)
R2	0.053	0.353	0.356	0.417	0.457	0.463	0.465	0.477	0.469
N	79	79	79	79	79	79	79	79	78
BIC	587.8	562.1	566.0	562.5	561.4	564.8	568.9	571.5	569.5
* p<0.05,	** p<0.01	***p<0.001							

Dependent variable: *concor* (Control of Corruption); different predictors

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se
parpres	**-0.242***	**-0.078**	**-0.068**	**-0.041**	**0.047**	**0.022**	**0.037**	**0.097**	**0.067**
	(0.11)	(0.10)	(0.12)	(0.13)	(0.13)	(0.18)	(0.18)	(0.17)	(0.18)
lackconstraint		**-1.387*** **	**-1.324***	**-1.247***	**-0.978**	**-1.098**	**-1.216**	**-2.678***	**-2.744***
		(0.27)	(0.51)	(0.53)	(0.58)	(0.84)	(0.83)	(1.02)	(1.24)
interaction			**-0.015**	**-0.021**	**-0.056**	**-0.097**	**-0.074**	**0.005**	**0.026**
			(0.10)	(0.11)	(0.11)	(0.18)	(0.18)	(0.17)	(0.23)
ln_ungdp				**0.054**	**0.055**	**0.014**	**-0.029**	**0.031**	**0.004**
				(0.04)	(0.05)	(0.08)	(0.08)	(0.08)	(0.10)
lnfuel					**-0.026**	**-0.024**	**-0.017**	**-0.026**	**-0.024**
					(0.01)	(0.03)	(0.03)	(0.03)	(0.03)
p_durable						**0.002**	**0.002**	**-0.001**	**0.000**
						(0.00)	(0.00)	(0.00)	(0.01)
education							**0.046**	**0.033**	**0.039**
							(0.03)	(0.03)	(0.04)
freexp								**-2.114***	**-2.005**
								(0.93)	(1.06)
womparl									**0.002**
									(0.01)
_cons	-0.190	0.141	0.120	-0.364	-0.488	-0.089	-0.057	1.667	1.726
	(0.13)	(0.13)	(0.19)	(0.43)	(0.46)	(0.73)	(0.72)	(1.02)	(1.19)
R-sqr	0.060	0.291	0.291	0.329	0.380	0.272	0.306	0.397	0.404
N	83	83	83	80	64	43	43	43	41
BIC	121.8	102.9	107.2	105.4	83.6	74.6	76.3	74.0	76.6
* p<0.05	**p<0.01	***p<0.001							

Appendix G: Country list and Control of Corruption values

COUNTRY	*concor*	COUNTRY	*concor*	COUNTRY	*concor*
Albania	-0,72	**Liberia**	-0,59	**Vanuatu**	0,44
Argentina	-0,49	**Macedonia**	0,02	**Venezuela**	-1,24
Armenia	-0,53	**Madagascar**	-0,57	**Zambia**	-0,36
Bangladesh	-0,87	**Malawi**	-0,44		
Benin	-0,93	**Maldives**	-0,46		
Bhutan	0,82	**Mauritius**	0,39		
Bolivia	-0,7	**Mexico**	-0,41		
Bosnia and Herzegovina	-0,3	**Moldova**	-0,6		
Botswana	0,92	**Mongolia**	-0,52		
Brazil	-0,07	**Montenegro**	-0,1		
Bulgaria	-0,24	**Morocco**	-0,44		
Burkina Faso	-0,52	**Mozambique**	-0,58		
Burundi	-1,44	**Namibia**	0,29		
Cape Verde	0,79	**Nepal**	-0,83		
Central African Republic	-0,89	**Nicaragua**	-0,78		
Colombia	-0,44	**Niger**	-0,63		
Comoros	-0,73	**Nigeria**	-1,15		
Costa Rica	0,58	**Pakistan**	-1,06		
Dominican Republic	-0,83	**Panama**	-0,39		
Ecuador	-0,66	**Papua New Guinea**	-1,04		
Egypt	-0,59	**Paraguay**	-0,84		
El Salvador	-0,38	**Peru**	-0,4		
Fiji	-0,45	**Philippines**	-0,59		
Georgia	0,25	**Romania**	-0,26		
Ghana	-0,1	**Sao Tome and Principe**	-0,39		
Guatemala	-0,62	**Senegal**	-0,29		
Guinea	-1,07	**Serbia**	-0,31		
Guyana	-0,75	**Seychelles**	0,33		
Haiti	-1,24	**Sierra Leone**	-0,95		
Honduras	-0,94	**Solomon Islands**	-0,45		
Hungary	0,28	**South Africa**	-0,17		
India	-0,56	**Sri Lanka**	-0,24		
Indonesia	-0,66	**Suriname**	-0,37		
Ivory Coast	-0,86	**Tanzania**	-0,8		
Jamaica	-0,36	**Thailand**	-0,34		
Kenya	-1,09	**Togo**	-1,02		
Kyrgyzstan	-1,09	**Tunisia**	-0,15		
Latvia	0,15	**Turkey**	0,17		
Lebanon	-0,87	**Uganda**	-0,98		
Lesotho	0,11	**Ukraine**	-1,03		