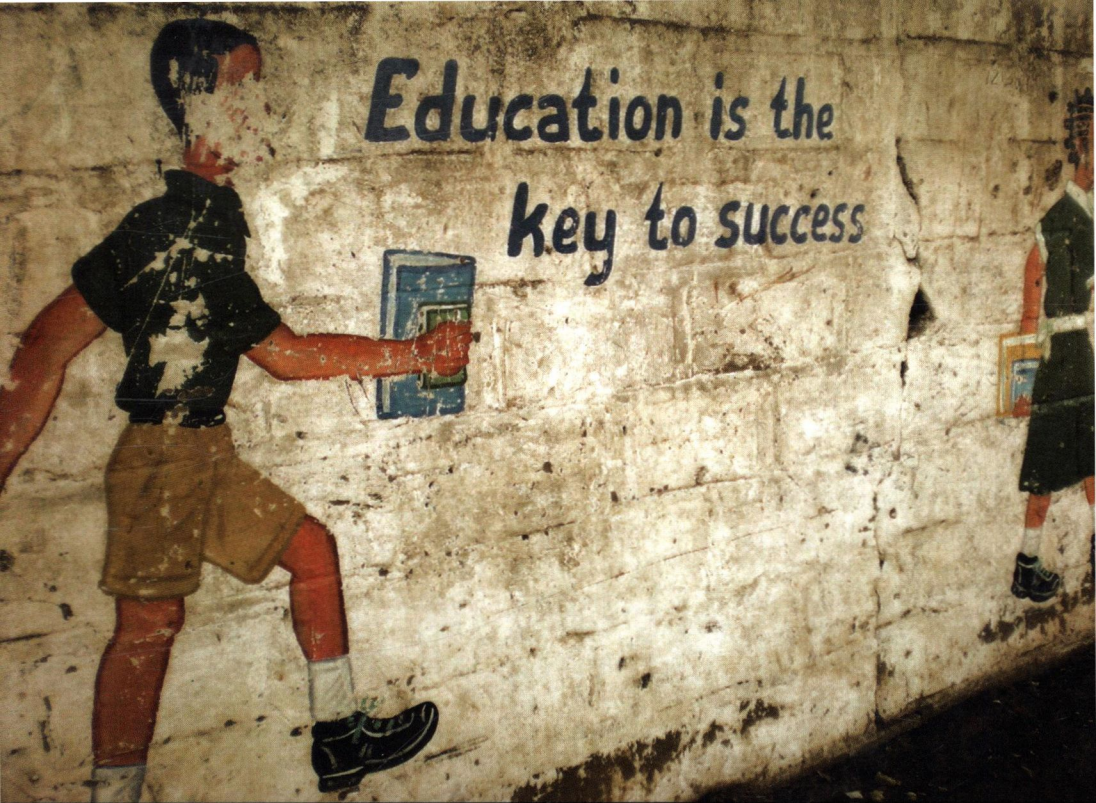




The Historical Roots of **CORRUPTION**

Mass Education, Economic Inequality,
and State Capacity

ERIC M. USLANER

"In advancing his pioneering writing on corruption, Eric M. Uslaner shows how legacies matter, especially the bequests of education. Combining a comparative historical analysis of schooling at all levels in the late nineteenth century with an appraisal of today's levels of corruption, his innovative book elegantly identifies state and market mechanisms that connect then to now, and pinpoints pathways out of historical traps."

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"Eric M. Uslaner's account of corruption belongs to the most thoughtful in theory, the most convincing in eloquence, and the most conclusive in terms of the breadth and depth of its empirical evidence. Excelling on so many different levels in the key domain of 'good governance' is a unique achievement."

Christian Welzel, Leuphana University of Lüneburg, Germany

Why does corruption persist over long periods of time? Why is it so difficult to eliminate? Suggesting that corruption is deeply rooted in the underlying social and historical political structures of a country, Eric M. Uslaner observes that there is a powerful statistical relationship between levels of mass education in 1870 and corruption levels in 2010 across 78 countries. He argues that an early introduction of universal education is shown to be linked to levels of economic equality and to efforts to increase state capacity. Societies with more equal education gave citizens more opportunities and power for opposing corruption, whilst the need for increased state capacity was a strong motivation for the introduction of universal education in many countries. Evidence for this argument is presented from statistical models; case studies from Northern and Southern Europe, Asia, Africa, Latin America, the United States, Canada, Australia, and New Zealand; as well as a discussions of how some countries escaped the "trap" of corruption.

ERIC M. USLANER is Professor of Government and Politics at the University of Maryland, College Park. He is the author of nine books, including *The Moral Foundations of Trust* (2002); *Corruption, Inequality, and the Rule of Law* (2010); *Segregation and Mistrust* (2012); and the editor of *The Oxford Handbook of Social and Political Trust* (2018).

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ERIC M. USLANER

University of Maryland, College Park



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Preface

This project stemmed from ideas I developed in my 2008 book, *Corruption, Inequality, and the Rule of Law* (Cambridge University Press). I formulated the idea of an “inequality trap” (see Chapter 1 here) to explain why institutional reforms do not “cure” corruption, but public policies that lead to universal social welfare programs do, an idea that my colleague and friend Bo Rothstein had developed. We developed this argument in a 2005 article for *World Politics* (“All for All: Equality, Corruption, and Social Trust”). The universal social welfare program that we believe is most important and that I discuss in my 2008 book is mass education. Education frees ordinary people from depending upon corrupt leaders and instills in them feelings of civic pride and national unity – all of which lead to less corruption.

All I had in my 2008 book were some anecdotes about the impact of education in the United States. So the link between education and corruption remained hypothetical. In 2011 I came upon a paper through the Social Science Research Network by Christian Morrison and Fabrice Murtin, “A Century of Education” (originally written in 2008) with estimates of primary, secondary, and tertiary education across what are now 78 countries. There was a link to their data set, now expanded to include estimates from 1870 to 2010. I first plotted the 1870 school enrollment data (the earliest year) to levels of corruption in 2010 from Transparency International. The result was an $R^2 = .699$, and using more recent education data did not improve the fit.

The questions that gripped me were: How do we account for the effect of education on corruption 140 years later? And why does this effect persist over time? I sent the initial graph (see Figures 2.2–2.4 in Chapter 2) to Bo Rothstein with the puzzle of why this persists over time. He responded that the answer lay within the development of a strong state that could compete with other institutions (notably religious). So we set out to work together on this book and the explanation involved state power but quickly included economic inequality

(which had been the subject of our earlier work). We developed the framework together and in 2012 published an article in *Comparative Politics*. Since then Rothstein departed from Göteborg, Sweden to take on a position at the University of Oxford – and that has occupied him fully. So he withdrew from this joint project, other than reading it and giving me suggestions, but leaving the bulk of the work to me. There are sections of Chapters 1, 3, and 6 that are his work, but I have redone most of them to fit my larger argument. He will agree with most of my argument, but not all of it so his culpability is limited.

So apart from my wife, who had to tolerate my moods when things were not always going smoothly and the long hours it takes to write a book, my greatest debt is to Bo. That said, others were of great help. Ewout Frankema, Claudia Goldin, Phil Keefer, and Frederick Solt (in alphabetical order) helped by providing data. We received useful comments (also listed alphabetically) from Isabella Alcaniz, Christian Bjørnskov, Ernesto Calvo, Peter Thisted Dinesen, Sergio Espuelas, Jacob Gerner Hariri, Ira Katznelson, Phil Keefer, Robert Klitgaard, Alex Lascaux, John McCauley, Fabrice Murtin, J Katarina Ott, Aleksandar Stulhofer, Jong-sung You, Christian Welzel, Bob Woodberry, and especially David Sartorius (who taught me much of what I know about education in Latin America).

I am grateful to Sofia Jansson for excellent assistance on the section on religion and education for Bo Rothstein and David Sartorius for very helpful comments on early education in Latin America. I also thank Isabella Alcaniz, Christian Bjørnskov, Ernesto Calvo, Michelle D'Arcy, Peter Thisted Dinesen, Robert Klitgaard, Alex Lascaux, John McCauley, Jacob Garner Haririri, Alina Mungiu-Pippidi, Fabrice Murtin, Katarina Ott, and Aleksandar Stulhofer, Christian Welzel, and Jong-sung You for helpful comments. Several University of Maryland undergraduates gave of themselves with help in understanding early education policies across the world: Samantha Ammons, Marianela L. Boso, Carolina Corbett, Shreya Khadke, and especially YiJie Tan.

I also benefited greatly from audiences at universities where I presented this work. They include (those marked by an asterisk were keynote speeches):

- Fifth Laboratory for Comparative Social Research Workshop, "Social and Cultural Changes in Cross-national Perspective:

- Subjective Well-being, Trust, Social capital and Values,” Higher School of Economics, Moscow, April 6–10, 2015.
- Conference on Education and Global Cities; Horizons for Contemporary University, Higher School of Economics, St. Petersburg, Russia, May 21, 2016.
 - Hans Dieter Klingemann Lecture, University of Lueneberg, Germany, June 13, 2016.
 - Summer Academy on “Path Dependencies in Economic and Social Development,” Institute for East and Southeast European Studies, Akademie für Politische Bildung, June 15, 2006.
 - Martin Paldam Workshop, Aarhus University (Denmark), September 25, 2012.
 - Department of Economics, Ben Gurion University of the Negev, Beer-sheva, Israel, January 10, 2013.
 - Instituto Tecnológico Autónomo de México, Mexico City, February 19, 2015.
 - Seinan University, Fukukoa, Japan, March 19, 2015.
 - American Political Science Association Annual Meeting, San Francisco, August 31–September 3, 2016.
 - School of Business, Department of Economics and Finance, Queensland Institute of Technology, Brisbane, Australia, July 14, 2016.
 - Conference on Understanding Governance Virtuous Circles: Who Succeeded and Why, European Research Centre for Anti-Corruption and State Building, Berlin, Germany, July 8–12, 2015.
 - Department of Political Science and Government, Aarhus University (Denmark), October 5, 2015.
 - Department of Political Science, University of Copenhagen, October 7, 2015.
 - International Congress on Applied Sciences Social Capital ICAS 2015, Konya University, Turkey, October 23–24, 2015 (Member of Scientific Committee for the Conference).

I am particularly grateful to Benno Torgler of the Queensland University of Technology; Christian Welzel, Alina Mungiu-Pippidi of the Hertie School of Government, Berlin; Eduard Ponarin of the Laboratory of Comparative Social Research at the Higher School of Economics, Moscow; Kim Mannemar Sonderskov of Aarhus University; and Peter Thisted Dinesen of the University of Copenhagen for arranging trips to Australia, Germany, Russia, and Denmark to present my work.

I have received strong support over the years from the Department of Government and Politics at the University of Maryland, College Park and especially from my department chairs, Mark Lichbach and Irwin Morris. John Haslam has been greatly supportive as editor at Cambridge University Press.

But the real support lies at home, where I am fortunate to have a son who is sometimes cynical, but always very bright and very humorous. After four years of a very demanding academic regimen at Colorado College, Avery better appreciates academic arguments and makes some strong ones himself. And I am more than fortunate to have in my life Debbie, my loving wife. She never doubted me or the worth of this project because she is a superb exemplar of why honesty in public and private life is so critical.

Contents

<i>List of Figures</i>	<i>page</i> vi
<i>List of Tables</i>	viii
<i>Preface</i>	ix
1 The Theoretical Framework	1
2 The Quantitative Evidence	24
3 Education in Developed Europe	56
4 Education Beyond Developed Europe	82
5 The United States and Other “New” Anglo-American Countries	101
6 Is Path Dependence Forever?	131
<i>Appendix</i>	164
<i>References</i>	167
<i>Index</i>	193

Figures

2.1	TI Corruption Perceptions Index, 2010	<i>page</i> 27
2.2	Mean School Years, 1870	28
2.3	Morrison-Murtin Mean School Years, 1870, Compared to Benavot-Riddle and Lindert Estimates	30
2.4	Corruption, 2010, by Mean School Years, 1870	32
2.5	Correlation of Malaria Susceptibility with School Years over Time	44
2.6	GDP Per Capita in 1870 and 2010	49
2.7	Lowess Smoother Mean School Years, 1870 and 2010	50
2.8	Levels of Education and Educational Inequality, 1870–1890–2010	51
2.9	The Legacy of Mean School Years on Post-Redistribution Inequality	52
2.10	Mean School Year Change, 1870–2010	53
3.1	Mean School Years 1870 and Family Farm Percent 1868 Europe	70
3.2	Educational Inequality 1870 and Percent Family Farms 1868	70
4.1	Mean School Year Change 1870–2010 and Slave Exports in Africa	93
4.2	Corruption in 2010 and Mean School Year Change 1870–2010 in Africa	93
4.3	Historical Patterns of Education in Argentina and Uruguay	98
5.1	United States Educational Inequality Advantage	109
5.2	Educational Inequality across Time in the United States	110
5.3	Newspaper Reports of Corruption and School Enrollment (Imputed and Adjusted for Population Density), 1816–1974	112
5.4	Newspaper Reports of Corruption and Economic Inequality, 1916–1974	113

5.5 School Enrollment and Economic Inequality, 1913–1974	113
5.6 State Corruption Perceptions (1999) and School Attendance Adjusted for Population Density (1870)	117
5.7 State Corruption Perceptions (1999) and School Attendance Adjusted for Population Density, (1870)	117
5.8 School Attendance (Adjusted for Population Density) by State 1870 and Land Inequality, 1860	118
5.9 The Wisconsin on Advantage Public Education, 1880–1940	122
5.10 Reporters' Corruption Perceptions in the American States (1999) and the 1924 LaFollette Vote	123
5.11 Trends in Mean School Years: United States, Canada, Australia, New Zealand	124
5.12 Trends in Mean School Years: United States, Jamaica, India, South Africa	125
6.1 Corruption Levels over Time (1900–2010) V-DEM and Transparency International Estimates: Non-Colonies	133
6.2 Corruption and Mean School Years 1900: Colonies Excluded	134
6.3 Educational Inequality over Time (1890–2010)	135
6.4 Mean School Years 1870–2010 by Region	135
6.5 Regression Coefficients Mean School Years by Year	137
6.6 Mean School Year and Change: South Korea and Japan	139
6.7 Mean School Year and Change: Finland	140

Tables

2.1 Regression of 2010 Corruption by 1870 Mean School Years and GNP Per Capita	<i>page 33</i>
2.2 Effects of Institutional Variables from Treisman Data Set on 2010 Corruption	36
2.3 Regression for Mean School Years, 1870	37
2.4 Regression for Mean School Years, 1870 by State Status	37
2.5 Instrumental Variable Regression of Corruption Perceptions, 2010	39
2.6 Instrumental Variable Regression of Corruption Perceptions 2010 with Programmatic Party Measure	41
2.7 Instrumental Variable Estimation of Corruption 2010 with Factor Endowments	43
2.8 Effects of Factor Endowments on European Settlements for Colonies/Former Colonies, 1900	45
2.9 The Effects of Historical Technology Measures on Corruption, 2010	47
2.10 Correlations of Historical Technology Measures with Mean School Years, 1870	48
4.1 Instrumental Variable Estimation of Corruption Perceptions in 2010 in Africa	94
5.1 IV Regression of School Enrollment and Inequality on Newspaper Reports on Fraud, 1913–1974	114
5.2 IV Regression of School Enrollment and Inequality on Reporter Perceptions of Corruption, 1999	118
A.1 Mean School Years by Country, 1870	164

1 | *The Theoretical Framework*

Corruption is widespread in Greece. The widely recognized malfeasance is objectionable not just because it flaunts norms of honesty, but because it exacerbates inequality. As the American journalists Donadio and Alderman (2012) write:

Greece's economic troubles are often attributed to a public sector packed full of redundant workers, a lavish pension system and uncompetitive industries hampered by overpaid workers with lifetime employment guarantees. Often overlooked, however, is the role played by a handful of wealthy families, politicians and the news media – often owned by the magnates – that make up the Greek power structure. In a country crushed by years of austerity and 25 percent unemployment, average Greeks are growing increasingly resentful of an oligarchy that, critics say, presides over an opaque, closed economy that is at the root of many of the country's problems and operates with virtual impunity. Several dozen powerful families control critical sectors, including banking, shipping and construction, and can usually count on the political class to look out for their interests, sometimes by passing legislation tailored to their specific needs. The result, analysts say, is a lack of competition that undermines the economy by allowing the magnates to run cartels and enrich themselves through crony capitalism.

Corruption and its roots in inequality are not a new concern in Greece. Aristotle (1962, Book III, 1279a, 114; Book V, 1308b, 228) worried about this linkage in 350 BCE, 2,400 years earlier:

...when the One, or the Few, or the Many, rule with a view to the common interest, the constitutions under which they do so must necessarily be right constitutions. On the other hand the constitutions directed to the personal interest of the One, or the Few, or the Masses, must necessarily be perversions... The masses are not so greatly offended at being excluded from office... what really annoys them is to think that those who have the enjoyment of office are embezzling public funds.

Corruption persists over long periods of time (though not necessarily two dozen centuries). Corruption is not easy to eliminate. Systemic corruption is deeply rooted in the underlying social and historical political structure.

A country's history shapes the conditions for honesty in government: economic equality and a state that is strong enough to provide services to its citizens.¹ The most important service a state can provide is education. *Countries with higher levels of education in the past have less corruption today.*

Why education? Education promotes economic equality. The linkage between equality and lower levels of corruption is well established (cf. Uslaner, 2008; You, 2015; see below). And education promotes the civic values that underlie “good government” – or honesty in government. Education provides the foundation for ordinary people to take part in their governments – and to take power away from corrupt leaders.

Education empowers people to make their own way in the world without having to rely upon clientelistic leaders for their livelihood. When people depend upon “patrons” for their well-being, their welfare, even their sustenance, is tied to their loyalty. They may “tolerate” corruption by these leaders, either because these “big men” defend them against others who might exploit them even more or because ordinary people do not have alternative sources of income. The patron-client relationship is founded on inequality.

Education also promotes loyalty to the state rather than to local (or tribal) leaders. When governments provide services such as education, people will associate benefits with the state and will be more likely to have a broad identity with their fellow citizens (Darden, 2013; Peterson, 2016; Uslaner, 2002, 208). This broader identity is the foundation of generalized trust – trust in people we don't know who may not be like us. Higher levels of trust are strongly linked to lower corruption (Uslaner, 2008, chs. 2, 3). A common identity, like trust, is only possible where there is greater equality (Uslaner, 2002, chs. 2, 4, 6, 7). The strong aggregate relationship between trust and mean school years in 1870 ($r^2 = .462$) suggests that education is part of the “inequality trap,” perhaps even a surrogate measure for trust.

I am not alone in arguing that education is critical for good governance. Aristotle argued: “All who have meditated on the art of governing mankind have been convinced that the fate of empires