

The Influence of Democracy on Corruption

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October 2025

While regime type alone may not guarantee lower levels of corruption in a country, democratic institutions can shape how corruption operates and mitigate its damaging effects. Democratic mechanisms prove to be more effective when accompanied by credible oversight and enforcement and active citizen participation. Ultimately, reform against corruption depends on aligning political incentives, building durable institutions, and fostering accountability from above and below.

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*Center on Democracy,
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The Case for Democracy series. This brief is part of the The Case for Democracy series, which curates academic scholarship on democracy's impacts across various domains of governance and development. Drawing from an exhaustive review of the literature, this analysis presents selected works that encompass significant findings and illustrate how the academic conversation has unfolded. For more on the series, please visit <https://cddrl.fsi.stanford.edu/dal/research>.

Background

THE SCHOLARLY UNDERSTANDING OF CORRUPTION AND DEMOCRACY, has undergone a significant evolution in recent decades. Early scholarship suggested that corruption was not particularly dangerous and that it may even facilitate development in poor countries by creating avenues for entrepreneurs to circumvent bureaucratic obstacles. Modernization theorists like Samuel Huntington proposed that corruption would eventually disappear as modernization took hold. However, contemporary research has upended these assumptions, showing that corruption cripples economic growth and equity, and that it does not disappear automatically through economic development or democratic transitions.

Regime Type as an Unlikely Driver of Corruption

RAY FISMAN AND MIRIAM GOLDEN (2017) HAVE BEEN FUNDAMENTAL to the evolution of how scholars understand of democracy and corruption.¹ The authors define corruption as the exploitation of public office for private gain, including votes, jobs, cash, and other benefits, and they use the Corruption Perception Index (CPI) to examine the relationship between democracy and corruption. Their statistical findings show that national wealth has a greater impact on corruption levels than regime type, suggesting that democratic consolidation may be less effective than economic development in reducing corruption. Wealthy countries generally report lower levels of corruption, while poorer nations tend to experience higher levels of corruption, regardless of regime type (see Figure 1).

¹ Fisman, Raymond, and Miriam A Golden. 2017. *Corruption: What Everyone Needs to Know*. New York: Oxford University Press.

The data. Most quantitative studies rely on cross-national datasets to examine the relationship between democracy, corruption, governance, and economic outcomes. Scholars often draw on Transparency International's Corruption Perceptions Index (CPI), which compiles 13 external sources and creates standardized scores.

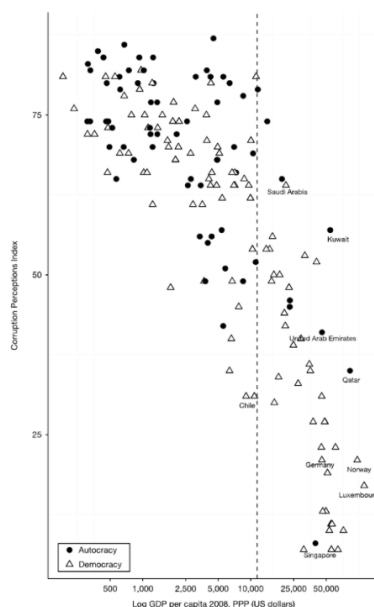


Figure 1: The relationship between GDP per capita and CPI, by regime type. Taken from Fisman and Golden 2017 (Figure 7)

IN ADDITION TO SHOWING THAT DEMOCRACY IS RELATIVELY LESS IMPORTANT THAN DEVELOPMENT when it comes to reducing corruption, the authors also conclude that the way regime type shapes corruption is complex. On the one hand, authors posit that autocracies have the advantage of being able to implement targeted anti-corruption measures more decisively than democracies due to few institutional and political constraints. On the other hand, democratic institutions can still effectively reduce corruption; particularly affluent democracies with competitive political parties, effective politicians, and credible monitoring and enforcement. The authors also illustrate how some features of democracy can reduce corruption through accountability, but that these mechanisms can sometimes be insufficient and may even augment incentives for corruption under certain circumstances. For example, political competition can enhance government quality by reducing corruption, while also fostering corrupt practices such as vote buying. Similarly, the opportunity to elect leaders gives voters the means to hold corrupt politicians accountable, but it also provides voters the means to elect corrupt politicians.

ADDING TO THE COMPLEXITY of the relationship between democracy and corruption, work by Staffan Lindberg and Marina Pavlov (2022)² show that the relationship between democracy and corruption is not linear. Rather, authors document an inverted U-shaped relationship: both authoritarian regimes and consolidated democracies exhibit lower levels of corruption, whereas partial democracies experience

The data. The CPI assesses public-sector corruption through indicators such as bribery, diversion of funds, prosecution effectiveness, legal frameworks, access to information, and protections for whistle-blowers and journalists (Transparency International 2019). Because corruption involves concealed illegal activity, no index directly measures total levels of corruption. Instead, the CPI relies on surveys of business executives and country experts, some of which correlate with objective measures, such as citizens' reported experiences of bribery. While the CPI is the most comprehensive corruption measure available, it has methodological limitations that may affect empirical findings.

² Lindberg Staffan I., Marina Pavlov. 2022. "Can Democracy Limit Corruption? High Levels of Democracy Reduce Corruption" https://www.v-dem.net/media/publications/pb_36.pdf.

higher levels of corruption. High-quality democracies maintain low corruption due to robust accountability institutions, while partial liberalization and weak institutions facilitate clientelism, vote buying, and the distribution of state resources for personal gain. The introduction of multiparty elections often increases corruption unless accompanied by independent oversight institutions.³ Authoritarian regimes frequently exhibit lower average corruption levels because leaders enforce compliance through repression rather than through the distribution of resources to secure support. These findings align with Gabriella R. Montinola and Robert W. Jackman (2001),⁴ who posit the importance of public choice explanations in accounting for cross-country differences in corruption.

³ Transparency International. 2019. "Corruption Perceptions Index Explained | Transparency International." YouTube Video. YouTube. [urlhttps://www.youtube.com/watch?v=9JoNjIfbPV0](https://www.youtube.com/watch?v=9JoNjIfbPV0)

⁴ Montinola, Gabriella R., and Robert W. Jackman. 2001. "Sources of Corruption: A Cross-Country Study." *British Journal of Political Science* 32 (01).

Bridging the Gap Between Corruption and Democratic Institutions

THE OVERALL RELATIONSHIP BETWEEN REGIME TYPE AND CORRUPTION is nuanced, yet several studies document that specific aspects of democracy can control corruption and mitigate its negative effects. Alina Mungiu-Pippidi (2013)⁵ shows how grassroots citizen empowerment and active civil associations play a critical role in promoting accountability and fair governance. The study uses measures such as the density of civil society organizations (CSOs) per 100,000 inhabitants, Freedom House press freedom scores, internet penetration (users per 100 people), and the prevalence of Protestantism to evaluate whether the prevalence of normative, anti-corruption values among the citizenry constrains corruption. Indeed, authors show that corruption can be controlled when a critical mass of citizens commits to ethical universalism. In particular, durable anti-corruption efforts benefit from normative constraints enforced through collective action rather than top-down institutional reforms or elections alone.

⁵ Mungiu-Pippidi, Alina. 2013. "Controlling Corruption through Collective Action." *Journal of Democracy* 24 (1): 101–15.

The data. Beyond an issue of precise measurement, a key concern is that this type of measure may disproportionately underestimate corruption in autocracies, where corruption is likely concentrated among few political elites and concealed from public view through tax fraud, money laundering, and other illicit flows not captured in CPI.

GRASSROOTS ANTI-CORRUPTION MOBILIZATION operates hand in hand with the existence of democratic institutions. Welles Abreu and Ricardo Gomes (2021)⁶ analyze data from 164 countries (2006–2019) and find that Government Functioning (GI) and Political Participation (PP) have a positive impact on the Corruption Perceptions Index (CPI). Transparency and accountability measures—including media freedom, open budgeting, and financial disclosure—are also necessary to producing low corruption equilibriums. These findings highlight the potential for democratic practices and institutions to curb corruption, and resonate with a broad scholarship by Susan Rose-Ackerman, Claudio Ferraz and Fred Finan, Ernesto Dal Bo and others, that shows how transparent monitoring systems and credible enforcement mechanisms are essential to mitigating incentives for

⁶ Abreu, Welles M., and Ricardo C. Gomes. 2021. "Shackling the Leviathan: Balancing State and Society Powers against Corruption." *Public Management Review* 24 (8): 1182–1207.

corruption.

FREE AND FAIR ELECTIONS, a crucial feature of democracies, can minimize the consequences of corruption on the economy. Cooper Drury et al. (2006)⁷ argue that, although it can be challenging for a democracy to directly rid a country of corruption, it still offers a crucial benefit in corrupt contexts: it reduces the damage corruption inflicts on economic performance. Using time-series cross-sectional data from over 100 countries (1982–97), the study finds that corruption reduces economic growth in non-democracies. However, in democracies, corruption does not significantly impact economic growth; statistical results are typically near zero or insignificant. These findings are consistent with the idea that institutional checks in democracies motivate politicians to avoid the most damaging forms of corruption due to fear of being voted out.

Emerging Themes

THE REVERSE OF THIS DYNAMIC is addressed by a recent study from Eduardo Rivera, Enrique Seira, and Saumitra Jha (2024)⁸, with perceptions and evidence suggesting that high-level (apex) corruption directly erodes democratic values, trust, and participation. The authors find that, after a major corruption scandal, support for democracy and trust in institutions decline; at the same time, the preference for authoritarian alternatives, violent protest, and willingness to engage in theft increase. The negative impact is particularly strong when the corruption involves leaders with previously strong reputations for anti-corruption. Repeated exposure to apex corruption has lasting and even accumulating adverse effects on democratic values, undermining support for democracy for months after the initial exposure.

Looking ahead

IN THE THROES OF DEMOCRATIC BACKSLIDING, one avenue of research that requires further exploration is investigating how corruption dynamics shift through the deterioration of democracy. Current scholarship conceptualizes corruption as emerging from mutual expectations within stable enforcement regimes, but where democracies are backsliding, these enforcement regimes deteriorate through judicial politicization, prosecutorial interference, and weakened oversight agencies. As enforcement credibility diminishes, individuals who previously refrained from corrupt practices may become both more willing and able to engage in such behavior, creating self-reinforcing cycles that further undermine democratic institutions.

Acknowledgments: This brief was prepared collaboratively by the Democracy Action Lab team, led by María Ignacia Curiel and with a special contribution by Camila Fermín-Mata.

⁷ Drury, A. Cooper, Jonathan Kriekhaus, and Michael Lusztag. 2006. “Corruption, Democracy, and Economic Growth.” *International Political Science Review* 27 (2): 121–36.

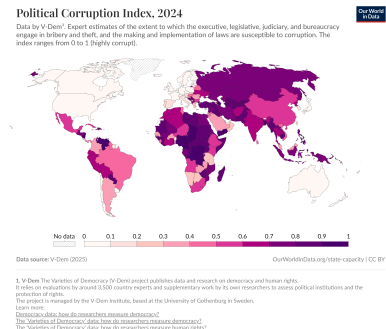


Figure 2: Political corruption in the world in 2024 (V-Dem data)

⁸ Rivera, Eduardo, Enrique Seira, and Saumitra Jha. 2024. “Democracy Corrupted: Apex Corruption and the Erosion of Democratic Values.” *SSRN Electronic Journal*, January.

The data. Findings on the relationship between regime type and corruption should be interpreted with these measurement limitations in mind. Future research capable of detecting hidden elite corruption could significantly advance our understanding of how regime type shapes corruption.