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Corruption Victimization in the Public Health Sector¹

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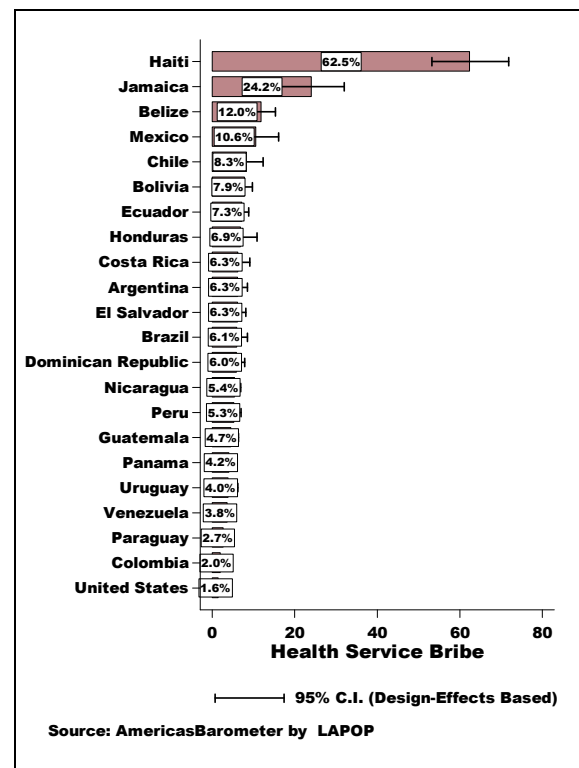
Several debates exist over what is the best course of action to combat public corruption. Some studies argue that to deter corruption, it is necessary to increase public officials' wages (Becker & Stigler 1974). Yet others do not find evidence to support this argument (Rauch & Evans 2000; Treisman 2000). A general agreement, nonetheless, has emerged that higher wages can deter corruption under certain conditions (Di Tella & Schargrodsy 2003), thus, increasing the efficiency of public officials, which in turn allows for high investment and growth. And usually a country that is better off economically has a greater capacity to increase public official's wages. That said, economic growth seems to be an important depressing factor of corruption levels (Mauro 1995).

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¹ Prior issues in the *Insights* series can be found at: <http://www.vanderbilt.edu/lapop/studiesandpublications>. The data on which they are based can be found at <http://www.vanderbilt.edu/lapop/datasets>

This paper in the *AmericasBarometer Insight Series* is the fourth one to examine the sources of corruption victimization, focusing on corruption by public health service officials. This was part of a battery of items included in the 2008 round of the Latin American Public Opinion Project Survey (additional questions in this series will be examined in future *Insights* studies).²

Figure 1. Percentage of the Population Victimized by Public Health Service Officials When Using This Service during the past year in the Americas, 2008



This survey involved face-to-face interviews conducted in 22 nations in Latin America and the Caribbean, and a web survey in the United States.³ A total of 38,053 probabilistically

² Funding for the 2008 round mainly came from the United States Agency for International Development (USAID). Important sources of support were also the Inter-American Development Bank (IADB), the United Nations Development Program (UNDP), the Center for the Americas (CFA), and Vanderbilt University.

³ This question was not asked in Canada.

selected respondents were asked the following question:⁴

EXC15. Have you use any public health services during the past year? [If “yes”]In order to receive attention in a hospital or a clinic during the past year, did you have to pay a bribe?

Figure 1 shows the percentages of the population that were asked to pay a bribe to receive medical attention. Haiti emerges as the only country in the sample with extremely high levels of corruption victimization. Nearly two out of every three (62.5%)⁵ Haitians who use public health services declare having been a victim of an act of corruption, meaning they paid a bribe to receive medical attention; this percentage more than quintuples the regional average of 11.6%. Jamaica (24.2%) also shows a significant percentage of its population being asked to pay a bribe to receive medical attention. Similarly, Belize (12%) and Mexico (10.6%) show levels of corruption victimization that exceed 10% while the rest of the countries in the sample have levels of corruption victimization below this value. Paraguay (2.7%), Colombia (2%), and the United States (1.6%) show percentages below 3%.

How much of the variation in corruption victimization by a public health service official is explained by the socio-economic and demographic characteristics of the populations of these countries? To simplify the answer to this question, the United States was removed from the sample.⁶

⁴ The sample was reduced to 17,126 given that this question asks first if the respondent used any public health services during the last year and only if the response is affirmative, then the interviewer continues with the following section of this question. For that reason, the analysis carried out in this paper focuses on the subset of individuals who responded “yes” to this question and percentages reported here represent that subset of individuals, not the sample as a whole.

⁵ This figure represents those who use public health services

⁶The reason behind this decision is because this case has exceedingly high level of socio-economic development

Figure 2.

Percentage of the Population Victimized by Public Health Service Officials When Using This Service during the past year Taking into Account Individual Characteristics in the Americas, 2008.

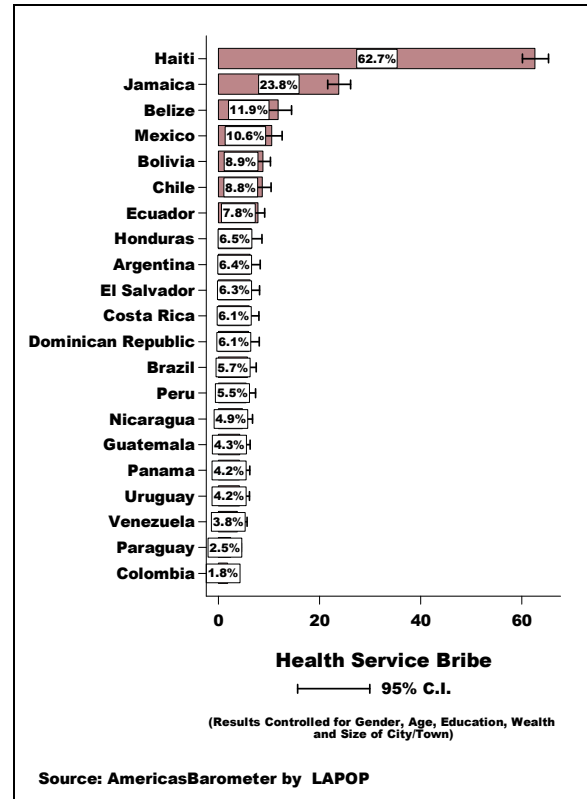


Figure 2 shows similar results as Figure 1 after holding constant gender, age, education, wealth, and size of city/town. The percentages of people being asked to pay a bribe to receive medical attention across the Americas vary only by a few percentages higher or lower from the uncontrolled results. Haiti (62.7%) and Jamaica (23.8%) continue to experience the highest percentages of corruption victimization by public health service officials, whereas Colombia (1.8%) and Paraguay (2.5%) show the lowest percentages of corruption victimization. When comparing these results to those of prior reports on corruption in the *Insight Series* Haiti continues to be one of the countries with the

compared to the other countries and may drive the results of the analysis.

highest corruption victimization by the police (12.8%), by a public official (14.2%), and by the local government (40.6%).

Do Contextual Factors Matter?

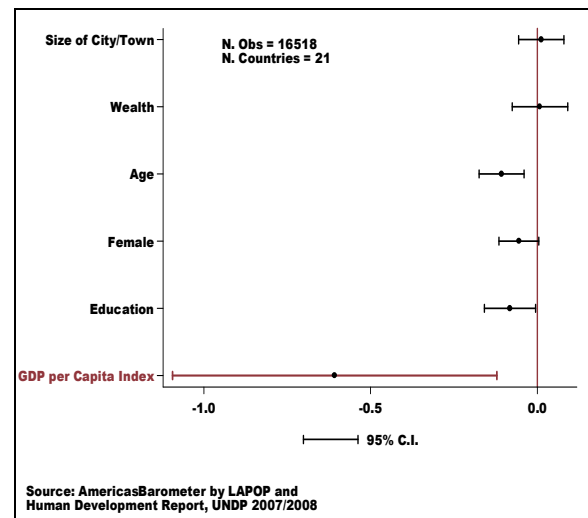
In addition to individual-level characteristics, such as age and education, we also find that the level of economic development matters for corruption victimization by a public health service official across the Americas. Figure 3 shows these effects on the probability of being asked to pay a bribe to receive medical attention. Each variable included in the analysis is listed on the vertical (y) axis. The impact of each of those variables on experience with local government corruption is shown graphically by a dot, which if located to the right of the vertical “0” line indicates a positive effect, and if to the left of the “0” line a negative effect. If the effects are statistically significant, they are shown by confidence interval lines stretching to the left and right of each dot that do not overlap the vertical “0” line (at .05 or better). If they overlap the vertical line, the effects are statistically insignificant. The relative strength of each variable is indicated by standardized coefficients.

Figure 3 shows that age and education, as well as the national level of economic development measured by GDP per capita,⁷ matter in determining the likelihood of citizens being asked to pay a bribe for medical services. Individuals who are older and are more educated are less likely to be victims of corruption. These findings are not surprising as “education and human capital is [sic] needed for courts and other formal institutions to operate efficiently, and government abuses are more

likely to go unnoticed and unchallenged when the electorate is not literate” (Svensson 2005: 25).

Figure 3.

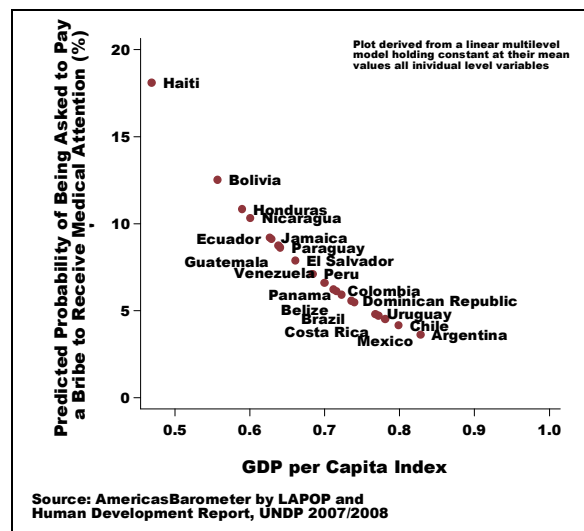
A Multilevel Analysis of the Determinants of Corruption Victimization by Public Health Service Officials When Using This Service in the Americas: The Impact of Economic Development, 2008



Turning now to the national-level characteristic, GDP per capita, we find that the level of economic development decreases the probability of corruption victimization by public health service officials. This finding echoes that of a previous report in this *Insight Series* related to corruption victimization by the police (I0803) where economic development also reduced this type of corruption. In this short report, we find support for the significant role that economic development plays as a deterrent of corruption victimization. More specifically, those who live in richer countries are significantly less likely to be victimized by corruption when they make use of public health services compared to those who live in poorer nations. Figure 4 illustrates these findings in more detail.

⁷ National wealth is measured using the UNDP’s GDP index. This index is based on gross domestic product per capita in purchasing power parity terms in US dollars. The index can take values between 0 and 1. For details on how this index was constructed see UNDP’s Human Development Report 2007/2008.

Figure 4.
The Impact of Economic Development on Public Health Service Official's Corruption Victimization in Latin America and the Caribbean, 2008⁸



The lower the level of economic development, the more likely the average citizen is to become a victim of corruption by a public health service official. For instance, Haiti and Bolivia are the countries that show by far the highest probability of corruption victimization by a public health service official and are countries with the lowest level of economic development. At the other extreme, Argentina is the country with the lowest level of corruption victimization and not surprisingly, is one of the richest countries in the region. It is worth noting that Haiti is a country recognized for its widespread corruption, as further evidence presented in this *Insight Series* confirms.⁹ Corruption continues to harm Haiti's political and economic development. Many legislators elected in 2006 have allegedly been involved in criminal activities and some argue that their reason for seeking parliament seats was mainly to obtain

⁸ The point estimate differences between countries in Figure 2 and 4 are explained partly by the fact that Figure 2 controls for individual level characteristics while Figure 4 takes into account the level of economic development.

⁹ For a more detailed treatment of corruption in Haiti, see <http://sitemason.vanderbilt.edu/files/cAEWtO/Haiti1.pdf>

the immunity from prosecution.¹⁰ It may not be unexpected therefore that Haiti was ranked 177 out of 180 countries, according to Transparency International's Corruption Perception Index (2008), on which lower rankings are associated with higher levels of corruption.¹¹

Policy Implications

Corruption is one of the most serious and rampant problems in emerging democracies, as exemplified by the case of Haiti. Corruption is not only recognized for its negative effects on trade, investment, development and economic growth (World Bank 1997), but it also affects negatively democratic stability (Zephyr 2008).

In this short paper, we found that economic development is a significant factor that explains lower corruption by public health service officials. This finding suggests that wealthier countries are better able to combat corruption than poorer countries. Indeed, if a citizen from Haiti with a given set of socio-economic characteristics were to move to Argentina, all other things being equal, the probability of this person being asked to pay a bribe to receive medical attention would be at least 14 percentage points lower than if this individual were to remain in Haiti. In other words, economic development deters corruption victimization. One way that policy-makers could address corruption in the public health sector is by increasing public officials' wages above their opportunity wage, so that these public servants would behave honestly (Becker & Stigler 1974). Nonetheless, some studies suggest that if a third-party enforcement is not present, higher salaries may lead instead to higher corruption (Mookherjee & Png 1995). Therefore, it is important that anti-corruption programs work at providing the conditions that will lead to "audit intensity" (Di Tella & Schargrodsky 2003) that in turn will allow for

¹⁰ See www.freedomhouse.org

¹¹ See www.transparency.org

effective wage policies that will reduce corruption. Of course, higher public wages are made possible through the economic growth of nations.

and the Caribbean: Evidence from the AmericasBarometer 2006-07, ed. M Seligson: Vanderbilt University

In addition, anti-corruption programs in the region should pay particular attention to the case of Haiti as it is the country that systematically exhibits very high levels of corruption victimization in its various dimensions, making its democratic consolidation even harder. Reducing corruption in the public health sector would be one step toward broader efforts to fight organized corruption in that country.

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