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Master'S Thesis Of Public Policy

Understanding The Causes Of And The Solutions To Political Corruption In Madagascar:

- Information Asymmetry, Culture And Perception Of
Corruption -

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Graduate School Of Public Administration

Seoul National University

Public Policy Major

Adellin Packistani Randriantarika

아델린

Understanding the Causes Of and the Solutions to Political Corruption in Madagascar:

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Corruption-**

Academic Advisor Ko, Kilkon

**Submitting a master's thesis of public administration
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**Graduate of Public Administration
Seoul National University
Public Policy Major
Adellin Packistani Randriantarika**

**Confirming the master's thesis written by
Adellin Packistani Randriantarika**

June 2017

Chair Kim, JunKi (Seal)

Vice Chair Kwon, HuckJu (Seal)

Examiner Ko, Kilkon (Seal)

Abstract

Understanding the Causes of and the Solutions to Political Corruption In Madagascar: Information Asymmetry, Culture and Perception of Corruption

By RANDRIANTARIKA P. Adellin

**Department of Public Administration, Public Policy
Seoul National University**

The literature on corruption is filled with different approaches in either defining corruption, in estimating its impacts, in analyzing its causes or in suggesting the solutions. This research aims at understanding what the main causes of political corruption are in Madagascar, why the anti-corruption reforms that have been adopted did not work, and what would be the solution. After going through the literature on political corruption, this research has selected two of the most popular theories, the principal-agent theory and the cultural theory. The hypotheses tested in this paper were derived from those two major theories. This research is based on survey conducted on 167 randomly selected individuals in Madagascar who reside in areas surrounding the capital city of Madagascar, Antananarivo. Their responses helped us greatly in linking the causes of corruption raised by the literature on political corruption to the reality in Madagascar. The survey data showed a strong correlation between perception of political corruption as well as the trust in political leaders with information asymmetry.

This strong correlation supports the theory that information asymmetry has a significant effect on the level of political corruption as those who have more political knowledge are more likely to be concerned with political corruption than those who have less political knowledge. But there was not a statistically significant relationship between the attitude of the respondents regarding the gravity of political corruption compared to other political and social issues, as well as the belief that Madagascar is governed by the rule of law. We attempted to offer some possible explanations on why this is the case. Regarding the cultural theory, the survey data failed to support this theory. The finding showed that Madagascar does not have a strong static culture. Also, there was no statistically significant differences found between those who lean toward static culture and those who lean toward progressive culture when it comes to their attitude or opinions regarding political corruption.

The respondents were evenly divided among the solution to corruption in the survey. As such, the survey result regarding the solutions did not yield a strong statistical evidence for a conclusive remark. However, it is clear that the lack of access to information impedes significantly on the fight against corruption and should be addressed accordingly.

Keywords: Political Corruption, Information Asymmetry, Cultural dimensions, Perception of corruption, Survey research

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Chapter 1: Introduction

A. Study Background

Since its independence in 1960, Madagascar has gone through political turmoil every decade or so. 1975, 1991, 2001, and 2009 are the years during which Malagasy politics became chaotic as the people, led by the opposition parties went on the street to protest against the government. Although the reasons behind these different political troubles are slightly different from one event to the next, the main argument has always been abuse of power, corruption, and poverty. Some group of people feel like they deserve better from their government and decide to show their anger on the street to force the president and the government to step down. Many Malagasy politicians believe that this is the Malagasy version of democracy¹. This claim might be true in a sense that, in many cases, the checks and balance system is broken as the president almost always ends up controlling all the three branches of government despite the constitutional mandate of separation of power. When the checks and balance system does not work, there is no authority that can challenge the government when it acts against the interest of the general population. However, taking power by force and bypassing constitutional principles, is like going back to the chaotic human society before rules were invented. Instead of improving governance and reducing corruption, this unstable and unpredictable situation reinforces lawlessness and is much more favorable to corruption. Undeniably, political corruption is rampant in Madagascar and it is a very big issue in the country

¹ This is what many politicians in Madagascar say when they try to legitimize their unconstitutional seizure of power

today.

Madagascar shares many similarities with the other African countries, despite of it being an island. It suffered from the slave trade that had severely destroyed trust between ethnicities. It also went through several decades of colonization during which the people were taught, even coerced, to turn their back against their traditions and cultures to embrace the foreign one. The people of Madagascar, like many African countries, face many difficulties and obstacles in getting back on its feet, socially, politically, and economically even after gaining the independence. Almost ninety percent of the population today lives under the poverty line. The gap between the rich and the poor gets deeper and wider year after year. The government seems unable to uphold the rule of law, the main important condition for economic development. What is even more alarming, the abuse of public office to gain illegal wealth seems to be the sole objective of those who hold high authority. Everyday, the natural and mineral resources are looted by few individuals, including foreigners, with the accomplice of people with authority in the government. Regular people are being driven away from their land, without sufficient or (sometimes) any compensation in order for wealthy individuals to enjoy the resources. People began to trust less and less the public institutions, starting from the justice department and the elected officials. This lack of trust in the justice system manifests in the increasing number of cases of “popular justice” across the country. Yet, the government seems lacking in its efforts to tackle corruption and restore trust in public institution.

Anyone that has to deal with public administration or public service in Madagascar, from the Justice department to the parking lot service, would admit how difficult it is to get things done without engaging in corruption (African Voices 2015). Madagascar is ranked, in 2016, 145 out of 176 countries by the Transparency International with a CPI Index of 26 out of

100 (Transparency International 2016). The Anti-Corruption Independent Office (BIANCO), created in 2004, and the Committee for the Safeguarding of Integrity (CSI) created in 2006, appear to be unable to make any big difference in the war against corruption. From the political rhetoric to the people's daily complaint, everyone agrees that corruption is bad, yet everyone seems to be contributing to it. The whole country is trapped in this vicious circle of corruption. For a country that claims to value justice and fairness, understanding the causes of corruption in Madagascar is a complicated matter.

The difficulty of this endeavor is partially due to the complexity of the notion 'corruption' itself. Up to this day, debate over how to properly define corruption, how it should be measured, and what are its causes and consequences in the society, still divide many scholars. We will briefly discuss in the literature review the heated discussion among the classical moralist approach, the functionalist approach, and the neo-functionalist approach. Although these different opinions do not directly affect our research question, they do offer a good overview of the complexity of the issue, not just in Madagascar but in general. Likewise, the causes of corruption invite many disagreements as the political economy, the principal-agent theory, or the cultural approaches take different sides and perspectives to explain it. It is worth noting that the solutions depend on the causes observed. In this paper, we will take into consideration these approaches in making different hypotheses on the causes and solutions of corruption in Madagascar. We will then test the hypotheses through a survey of randomly selected individuals in Madagascar.

Madagascar, in its brief history after gaining independence, has experienced numerous political turmoil, scandal and corruption. Almost all the presidents that the country has had came to power through popular

protest or ways that are not entirely democratic, in its proper definition. Most of the political movements that managed to force the incumbent president to step down have always been backed by military officials. Political corruption and scandals are numerous. In 1975, an acting president was assassinated, and even today, nobody knows for sure what happened or who was the mastermind behind it. To cover the whole thing up, the prime minister palace was burnt down. Election has always been contested and that leads to an ongoing political instability. It is worrisome to see that, in the country, there seems to be no differentiation between political prisoners (because there still are such things as political prisoners in Madagascar) and politicians who have engaged in corrupt activity. Every time there is a change of regime (mostly change of the president) all the self-proclaimed politicians are freed from jail, regardless of what their crime was. This makes the study of political corruption even more difficult because it is not easy to distinguish between real political corruption from the fake ones. The fake political corruptions happen when the ruling groups wrongfully accuse a member or members of the opposition parties of some corruption acts in order to weaken them or prevent them from running for office. As a result of this confusion, we have decided not to focus on any particular political corruption event to do a case study, but took a general approach.

B. Theoretical Framework

1. Principal-Agent theory

In the principal-agent theory, corruption happens because there is an information asymmetry that the agent takes advantage of to serve interests that diverge from the interest of the principal. This has often been used to explain political corruption where the people or the population is the

principal and government, or the elected officials are the agents. The principal-agent approach then explains the relationship between the people and the government, their elected officials, or their elites. This approach to corruption is aligned with the democratic principle stating that the source of public power is the people. The people then entrusted this power to a selected few individuals who become high ranking elected or appointed officials. Because of the enormous power that have been entrusted to them, if left unchecked, the officials can change the laws and institutions, or even the Constitution, to serve their interest. The source of political corruption then, according to this theory, is that the people, once they have transferred their power to the officials, do not have all the necessary information to monitor or supervise the activity of these officials effectively. In other words, the mechanism that is in place in most advanced democracy that hold the government officials accountable for their acts is missing or is not working properly.

2. Cultural theory

Hodgson (2006) defines “institutions as durable systems of established and embedded social rules that structure social interactions.” Put simply, institutions are the set of formal and non-formal social rules that govern the behavior of individuals in the society. Institutions are the rules of the game that determine social organization. It is the loopholes in these rules that the self-interest maximizer public officials use to evaluate the cost and benefit of their corrupt endeavor. Similarly, institution also matters in the case of rent-seeking behavior and state capture because the rent-seekers or the state-capturers are taking advantage of the weak institutional framework to put their self-interest ahead of the public interest. Due to the efforts of the International community, the formal parts of the anti-corruption institution in

Madagascar meets the required standard. A recent report and evaluation done by the United Nations Development Program, Madagascar has “exhaustive legal arsenal and mechanism anti-corruption in conformity with the United Nation’s Convention Against Corruption” (PNUD 2014). Despite these legal arsenal, however, corruption, including political corruption, is widespread in Madagascar. It is highly possible that the formal institution is being undermined by the non-formal one, a culture that has grown accustomed to or even accommodating to corruption. Corruption might have taken a deep root in the culture, the informal institution, which is, by definition, the actual display of how the formal institutions are practiced. In other words, corruption may have become the “rule of the game” and that honesty becomes the deviant behavior (Teorell 2007). Therefore, even when the written policy is up to standard, it does not always translate to reducing corruption. Some authors, like Collier and Jan, suggest the idea of tracing the causes of widespread political corruption to culture. In other words, political corruption is widespread because it has reached a level at which it has become the “rule of the game.”

C. Purpose of the Research and its Significance

This paper aims at shedding lights on the causes of political corruption in Madagascar. In general, it has always been a challenge for scholars to come up with acceptable causes of corruption that are valid all the time. All the theories and approaches have their own weaknesses because corruption is a complicate phenomenon to study and analyze. As Heywood (1997:426) says “The complexity of the phenomenon makes it impossible to provide a comprehensive account of the causes of political corruption.” It is therefore not expected that the causes of political corruption we have established from this research is absolute or universal. We are just hoping

that this research gives insight and reference for future research on political corruption in Madagascar. By specifying the country and the society, in this paper, we have the advantage of observing just one single political system and institution. The immense literature surrounding political corruption has allowed us to build our research structure and to direct it through the path sets by previous scholars who have written on more general approach and have theorized concepts on political corruption, despite the complexity of the issue. In that aspect, we are not reinventing wheels but fully conform with existing theoretical approach, such as the cultural approach regarding corruption and the principal-agent approach to political corruption.

There are two small contributions this paper hopes to bring to the already vast existing literature. The first one is to empirically test ideas and approaches that have been mostly theorized. As Gjalte De Graaf (2007:44) puts it, “When looking at the literature on corruption we notice a difference between studies that put forward propositions about the causes of corruption (in other words, studies that theorize about the causes of corruption) and those that empirically try to establish the causes of corruption. The latter sort of studies is by far outnumbered by the former.” Similarly, this paper also attempts to use theories that have been mostly used on a country level-analysis to individual level. The second contribution is to help Madagascar develop a more effective anti-corruption mechanism by looking deeply into why the current anti-corruption policy is failing. Not only this paper brings the theoretical perspective that has been developed by several renowned scholars but also relates those theories to the general perspective of the people in Madagascar. We are hoping, as a result, to provide a practical solution to the problem of corruption that is threatening more and more, not just the democratic system in Madagascar but, more importantly, the social structure of the Malagasy society.

Chapter 2: Country Background and Corruption Level

After several decades of colonization, which succeeded a very autocratic and centralized monarchy system, people in Madagascar have difficulty to grasp the concept of a government being an entity to help and work for the people rather than just a scary and must revered authority. Keeping this into consideration helps understand, partially, the general low level of trust that people tend to have toward the government. The leaders that have succeeded since gaining the independence have done very little to change this perspective.

A. History of weak and bad governance

1. The first Republic

When the French authority left the island in 1960, the Malagasy bureaucrats, known in Madagascar by their French title, *fonctionnaires*, who took control of the administration and bureaucracy were heavily influenced by the French system and have worked closely with the colonial administration. Not only they maintained the way of the colonizers in administrating the country, they behaved and treated their fellow citizen the way the French treated the “indigenous.” Monja Jaona, one of Madagascar revolutionary figure, once quoted saying “we were once colonized by the French, now we are being colonized by the Malagasy bureaucrats” by the authors Raison-Jourde and Roy (2010:55) According to these same authors, who wrote a very interesting book about the first republic in Madagascar and the different power struggles that happened at the time, the bureaucrats

abused their authority, and had enjoyed a great deal impunity. During their trips or mission to the villages, the bureaucrats required to be treated with valuable gifts, ask the villagers to give them young and pretty women to sleep with them if they spent the night (at the time bureaucrats were almost entirely male), and other treatments that were requested by the French bureaucrats during the colonization era. Bureaucratic corruption was not the only form of corruption that has crippled the public sphere in Madagascar. Political corruption was also widespread. In addition to the bureaucratic corruption, the different abuses by those who held power, aggravated by the fact that the government was still relying heavily on French expertise and influence, had sparked the nationalist revolution of 1972, that put an end to the first republic.

2. The Transitional military government and the Second Republic

After the President of the first republic stepped down, in 1972, the military, led by a General named Ramanantsoa Gabriel, took control of the government and formed a transitional government of military officers and intellectuals. Toward the end of 1974, a colonel, from the police force led a rebellion against the government because of corruption and discrimination based on ethnicities. In 1975, General Ramanantsoa decided to step down and gave full authority to the acting Minister of Interior, Colonel Ratsimandrava Richard, a man who was highly known for his anti-corruption stance (Molet 1972:44). He was shot dead a week later. The mystery behind the assassination of Colonel Ratsimandrava remain unknown even today, as there have been some political schemes that prevents anyone from shedding light into this case. In 1976, when the Andafiavaratra Palace, which served as the office for the prime minister, was burned down, all the evidences

regarding the assassination disappeared. This dark and mysterious case, signaled that grand corruption was not just evident, but quite extreme, in Madagascar during that period.

Because of the political turmoil, including the assassination of the previous acting president, the second republic started on a rocky path, to say the least. Socialism and decentralization were the new political agenda of the new President, Ratsiraka Didier, who, in a booklet entitled “Red Book” elaborated his action plan (Marcus, 2004:2). He was faced with a bureaucracy that was completely inoperative, a fractious military and police force, and a bad economy (Gow 1997: 411). To fulfill campaign and political promises, the government increased spending through massive recruitment in the military and bureaucracy. The nationalization of companies and the creation of other public companies that were set to promote rapid economic growth required heavy borrowings from abroad. By 1980s, the failure of the socialist system was obvious and the government had to change their policy to avoid political backlash and political unrest (Molet 1972:421). For this, the government had to follow the “structural adjustment” programs of the IMF, reduced spending and involvement in the economy, as well as the borrowing from non-conventional foreign banks or governments. The “structural adjustment” was not enough to save the economy but, as a direct or indirect result, the President was able to remain in power for another 10 years. During those 10 years, however, violations of human and political rights, political freedom and freedom of the press were common (Loubradou 2011). There was even a political police force that terrorized the opposition party leaders and those that voiced their frustration against the regime (Rabenirainy 2002:91). It took another popular revolution, in 1991, to end the Second Republic that arguably made the public administration less functional, more political, and corrupt.

3. The third Republic

In 1991, Zafy Albert led a popular protest against the government, and with a crowd of 400,000 of people, forced the president to share power with the opposition until the election. In 1992, the Third Republic Constitution was adopted and approved through referendum, and in 1993, Zafy Albert was elected President. The Third Republic Constitution was designed for a parliamentary regime to which the President had little power in naming the prime minister. In 1995, President Zafy became frustrated with his relationship with the prime minister and decided to change the Constitution through popular Referendum. He succeeded in strengthening his authority and was constitutionally able to nominate the prime minister. The opposition leaders, most of whom were his former allies, were not impressed. In 1996, President Zafy Albert was impeached over corruption charges and for exceeding his power (Marcus 2004:3). History repeating itself, President Ratsiraka, the same one that stayed in power from 1975 to 1992 of the 2nd Republic, came back to power. But he was, again, overthrown by street protest, led by his rival Ravalomanana Marc, in 2002, after a contested election result.

President Ravalomanana replaced President Ratsiraka, in 2002 after a violent political movement that almost divided the country into two. Efforts to fight corruption were strengthened, albeit the opposition party saw it as just a way to hide real political corruption that occurred in the top. The opposition figures decried a dictatorship tendency and the decline of political freedom that they perceived. The two former Presidents, Zafy Albert and Ratsiraka Didier were amongst the most critical of President Ravalomanana Administration. Due to his political exile status, President Ratsiraka was

rarely heard to personally criticize his former rivals, but his followers, members of his political party, constituted the strong bone of the opposition party at the time. President Zafy's critics were more noticeable as he even wrote a book regarding the political corruption and power abuse of the ruling party at the time. Nonetheless, despite all these fierce criticisms, corruption perception index has improved during the seven years of the Ravalomanana Administration (we will talk more thoroughly on the changes in the CPI index later in this chapter). The economy also was recovering and several economic indicators, although not perfect, were all positive (World Bank Group). Unfortunately, the good news did not last long because in 2009, President Ravalomanana Marc had to abdicate from power after street protest and a semi-military coup d'Etat led by Andry Rajoelina.

We will not dwell for a long time to analyze all the political corruption and abuse during the five years of transitional period, as that will require many pages and chapters.

B. Recent political scandal and corruption

Madagascar has had its fair share of political scandal involving corruption and recently, the government seems to be jumping from one scandal to the next. The scandal usually involves the failure of the government to do its primary role, which is to guarantee peace and rule of law in the land. Violent gangs and criminals terrorize the whole country and the government seems unable to do anything about it. Bureaucrats, especially the police and the military officials abuse their authority and often terrorize the population just as much as the criminals do. At best, the response from the government does not satisfy anyone. At worst, its response adds even

more tension. One quick example is the barbaric acts of police officers in a remote village in the West of Madagascar, called Antsakabary, in March 2017, where the police officers burned down five villages. This happened, after of their colleagues were killed by some villagers who were fed up with their abuse and who suspected them to be criminals and not real policemen. In retaliation, the police officers burned villages down and tortured men and women from those villages, even the ones that had nothing to do with the death of their colleagues. The minister of the Police took the defense of his men and has greatly angered many people. The inability of the government to take any radical action to punish those who trespass their power, or to solve issues that affect directly the lives of the people is already a scandal on its own. But a real political corruption, in its truest sense, has definitely shaken things up in the anti-corruption efforts.

Without having to go back far in the history, the most recent political corruption scandal involves a close advisor of the current president. Accused of embezzling several hundreds of billions (in local currency) of public funds, the wealthy lady, was summoned by the anti-corruption agency. This has taken the whole government by surprise and has also showed the problem of the public institution in Madagascar. The minister of justice went on the public media and requested the anti-corruption agency to let the presidential advisor go. The vice president of the Senate brought “paid” protestors to coerce the anti-corruption agency to stop its investigation. This vice president of the Malagasy Senate even encouraged the protestors that were with him to throw rocks and to force the main gate of the anti-corruption agency office open. This might appear normal under different circumstances, except that, a year earlier, the government has accused and managed to indict another senator who only calls for passive resistance. The whole corruption incident has attracted the attention of almost everyone because it was the first

time that a high level official is being questioned by the anti-corruption agency during its almost 13 years of existence. When a judge issued a detention warrant against this high ranking official, she was transferred to the hospital due to a sudden illness. Three days later, everyone was surprised to hear that she had been sent abroad, in Mauritius, for health checkup, because apparently her disease was very serious and could not be diagnosed by the existing health institution in Madagascar. This is still an ongoing event and how the justice system, especially the anti-corruption mechanism, handles it will either reestablish its legitimacy or will completely destroy any little hope everyone has. Whether the advisor of the president will be found guilty or not, this case shows how difficult it is for the anti-corruption agency to accomplish its mission in Madagascar without political interference from the executive branch and the powerful networks.

C. The anti-corruption legal framework and the failure

1. The anti-corruption mechanism

With the Penal Code of 1962, almost entirely copied from the French Penal Code, Madagascar has always categorized corruption and corrupt behaviors as a legally punishable offense. Every government that has succeeded has always emphasized the need to fight corruption; despite the little effort some of them have invested in that fight. The real anti-corruption reform, however, was evident in 2003 when the government created an arsenal of legal and institutional mechanisms that were specifically designed to combat corruption. These anti-corruption reforms were heavily pushed by the IMF and the World Bank. In 2003, the anti-corruption reforms began

with the creation of the Supreme Council for the Fight Against Corruption. This Council was in charge of making the new anti-corruption Law, design the national anti-corruption strategy, and the institutional framework needed for the job. In 2004, Madagascar has adopted its first Law that was specifically designed to fight corruption, the Law 2004-030. This Law, as we will see, modified the articles from the Penal Code that were relative to corruption and also introduced new legal framework that facilitates the fight against corruption.

The Malagasy anti-corruption Laws reflect the ambiguity in defining corruption and the complexity of the matter. In fact, without giving any precise definition, Malagasy legislation enumerates certain acts or behaviors that are punishable as corruption. The current Malagasy Anti-Corruption Law is the Law No 2016-020, replaced the 2004-030 Anti-Corruption Law, and modified certain dispositions of the the Malagasy Penal Code, related to corruption and assimilated acts. The acts that are assimilated to corruption include active and passive corruption, bribery, traffic of influence, illegal enrichment, unlawful gifts, favoritism, conflict of interest, abusive reporting, failure to declare assets and disclosure of information, etc. The law provides serious punishment that includes jail sentence of 2 to 10 years, heavy fine that can go up to 500 million MGA (close to 160 000 USD), and some restriction on future employment possibility. For example, according to the article 13 of the new anti-corruption law (2016), those who have been found guilty of corruption or the similar legal offenses, in addition to the imprisonment and the finem can never hold public office or work in public sector ever. To this can add some restrictions in working in private firm if the offense involves financial corruption, like money laundering or embezzlement.

2. Limitation of the anti-corruption Laws

a) *Limits inherent to the anti-corruption law*

It is interesting to see the “abusive reporting” to be part of corruption case. The Anti-Corruption Independent Office (BIANCO), in their website explains that abusive reporting consists of “reporting someone of being corrupt well full aware that the facts are non-existing.” This can dissuade anyone from reporting corruption without strong evidence. The job of BIANCO is to investigate. Investigation implies that the evidences are not sufficient or are hiding. Although, “abusive reporting” can be punishable, associating it to corruption and all the serious offense associated with corruption, raise doubt in the effectiveness of the anti-corruption law. Because of this, there is a huge risk for anyone denouncing corruption to be charged for “abusive reporting” if those involved in the corrupt acts managed to destroy all the evidence. By associating “abusive reporting” as similar to corruption, the government and policy makers undermine their own efforts in dealing with corruption by discouraging whistle-blowing and the willingness to report dubious acts. In OECD countries, for example, the protection of whistleblowers is one of their key tools in fighting corruption (OECD 2011).

b) *Limited freedom of the press*

A new legislation that has divided Malagasy political actors, as well as journalists, and civil society is the new code of communication that was also enacted in 2016. This is the first Law in Madagascar that regulates journalism and has been requested by journalists for long time. In Madagascar, the freedom of speech and expression has always been

guaranteed by the Constitution. Nonetheless, there have been many incidents in which journalists have been persecuted or thrown to jail for having criticized the government or the high officials in the government. With the communication Code, journalists hoped that subsequently, they can freely exercise their activity to give news to the people. However, when the final proposal for the Code of communication was revealed, many journalists were not happy. The reason was, the article 20 of the Code forbid them from reporting private lives of public officials, except when the public interest is threatened (Law 2016-029, article 20). However, “Public Interest” is vague and open to different interpretations. What a journalist considers as public interest might be interpreted differently by an independent judge. This risk is even greater when the independence of the judiciary branch is often purely theoretical. Despite the protests, the law was passed and when the case was brought to High Constitutional Court, the Court ruled that the Law was Constitutional (RFI Afrique 2016).

c) *Restrained right of the people to information*

In Madagascar, among the Constitutional rights that people are entitled to is the right to information (Malagasy Constitution, Article 11). The people have the right to be informed. Without getting too much in detail with the types or categories of rights, it is important to notice that the right to be informed is one of what is called in French “*droits créances*” or “*debt rights*” (as opposed to the “*droits libertés*” or “*liberty rights*”) that individuals can request from the government if the government fails to deliver (Rangeon 1996). There is, theoretically, an obligation for the government to provide the citizens with reliable information that affects public and social life. In Madagascar, the government fulfill this right to be informed of the citizen

through the national radio and television, as well as by guaranteeing freedom of expression and allowing the existence of private media. Unfortunately, only people who live in the major cities, particularly the capital city, enjoy quite a sufficient amount of information because all the private media are centralized there. People in the remote area have access to only the radio national. It is, however, a well-known fact in Madagascar that the national radio and television do not broadcast information that puts the government in a bad spotlight. Only the “accomplishments” of the government are communicated. Moreover, there is no law or decree that clarifies what the Government should do or what is the extent of the right to be informed of the citizen. This is one of the issues that the Committee for the Safeguarding of Integrity, as well as UNESCO in Madagascar, are requesting from the government as the right to be informed is an essential part in the fight against corruption (CSI-Madagascar).

3. Failure to reduce corruption

There have several researches on corruption (including political corruption) in Madagascar. We are going to look at the most significant ones such as the CPI Index, the GCB Barometer, Afrobarometer, and the study conducted by the madio project and Instat Madagascar. We will see from these data the general state of corruption in Madagascar and how people feel toward the different institutions. Despite having “exhaustive legal arsenal and mechanism anti-corruption in conformity with the United Nation’s Convention Against Corruption” (PNUD 2014) Madagascar is not fairing well in terms of reducing corruption level. This legal arsenal and mechanism anti-corruption seems to have a positive effect during the first five years of its implementation, but is since then totally helpless in tackling the issue.

That is, the anti-corruption measure was working, or seems to have worked before the popular protest and coup d'Etat of 2009. If we look at the Corruption Perception Index reports from 2003, while the ranking of the country has not changed much, some positive changes can be observed in the CPI, until 2008. In 2003, Madagascar was ranked 88th out of 133 countries with a CPI Index of 2.6. By 2008, Madagascar was ranked 85th out of 180 countries with an Index of 3.4. The only time the country faced a small regression was in 2005 when the Index dropped from 3.1 to 2.8 and the ranking from 82nd out of 146 countries to 97th out 159 countries (Transparency International). This incremental positive change from 2003 to 2008 is in stark contrast with the regression that occurred since 2009, after Madagascar went, again, through a political crisis that lasted 5 years (2009-2014). Because of the changes in the Indexing system, the regression is only obvious when we look at the rankings. In 2009, Madagascar was ranked 99th out of 180 countries, a big step backward, when compared with the year 2008 (85th out 180 countries), and has since lose ground every year. In 2010, the country was ranked 123rd out of 178 countries, in 2014 (CPI index 28) 133rd out of 174 countries, and in 2016, with a CPI Index of 26, the country was ranked 145 out of 176 countries.

We have referred mainly to the CPI index because it has a longer history, as the other corruption index, such as the Global Corruption Barometer is fairly recent and does not give enough comparison tool as to how corruption level has changed in Madagascar over the years. Despite of being available since 2005, the Afrobarometer does not always offer steady data on corruption that allows a longitudinal comparison. Still, we will be referring to all findings available, especially the most recent ones to understand the current corruption level in the country. One good point that can be raised is that the corruption level in Madagascar increased due to the

political instability that occurred in 2009. However, the main reason for the popular protest, or the revolution, as Czap and Nurtegin would consider it, was that the government at the time indulged in corruption and personal enrichment. With the increase of the corruption level since then, it is hard not to be amazed at the fact that people have not yet protest to remove the government. The bottom line is, if people protest in 2009 because of corruption, it is surprising to see that the governments that have succeeded since then is engaging in even more corrupt behavior and have not, so far, been punished by street protest. Another point is that, the transitional government ended in December 2013, a “democratically elected” President has taken over the power since then, yet, corruption level seems to increase. It is not surprising, for example, if in 2013, respondents to a survey conducted by the Transparency International (GCB 2013:7) answered that the corruption level has increased in the past two years. What is interesting is that, overall 73 percent of the respondents in 2015 (GCB 2015:37), said that corruption level has increased over the past year (the year that a democratically elected President took office and replaced a self-declared President of Transition). In the same survey, for a question regarding how well the government is handling the fight against corruption, 90% of respondents from Madagascar, the highest compared to the respondents from other African countries, answered that the government is doing poorly (GCB 2015:11).

Chapter 3: Literature Review

Corruption is not an easy topic to explore. It has various aspects and even its nature and impacts on the society divides many scholars. For this reason, there is not an easy or simple approach to looking at the causes of the corruption or its solution. This literature review will help us go through some of the arguments that dominate the study of corruption, from the conceptual understanding of what causes corruption to the rocky path of searching for solution. In the first section of this chapter we look at the discourses that exist in the literature regarding the nature and the causes of corruption. In the second section, we will define what political corruption is and how it differs from other forms of corruption such as petty corruption and bureaucratic corruption. In the third and final section, we will talk about the approaches and theoretical background on corruption that is relevant to the study of corruption in Madagascar. Because most of the causes of corruption found in the literature usually differ depending on the context and the situation of the society, we had to focus on the ones that are more relatable to the case of Madagascar.

A. Discourse on the causes and the nature of Corruption

This discourse is partially due to the conceptual divide and the unending debate between the moralist' approach and the functionalist' approach to the issue. Understanding how complex corruption is, by looking at the conflicting views of different school of thoughts, will help us acknowledge the difficulty of finding generalizable causes of corruption and solution to this social problem. We will also take a look in this section the problem of over-simplification and the limits to the validity of certain

approaches.

1. Ongoing debate regarding corruption

- a) *Overview of the discourse*

Formulating a general and agreed definition of corruption is already an issue because many argue that corruption is subjective and culturally biased (Goldsmith 1999). As Ware and Noone (2003:193) puts it, “No single definition of corruption seems to capture the perspectives of different disciplines or the context in which it occurs.” Because of the evolution of society and of the way at understanding realities and looking at social events, there have been efforts to define corruption more specifically. These efforts come from policy makers, researchers, and NGOs who try to be more pragmatic about what they mean when they talk about corruption and about what constitutes a corrupt behavior. It is now common to classify corruption into petty corruption vs. grand corruption, systemic corruption vs. sporadic corruption, corruption in moral or cultural standard vs. corruption in the legal perspective, etc. Specificity, however, did not help in reducing the conflicting viewpoint in the topic. It is, for example, tricky to put boundaries between petty corruption and grand corruption. One would define petty corruption as a small-scale corruption that involves mostly bribery of street-level bureaucrats. The grand corruption is, generally, more political and involves high government officials such as embezzlement, or corruption in public procurement that contains huge amount of money. As Andvig et al. (2000:18) put it, “With grand corruption we are dealing with highly placed individuals who exploit their positions to extract large bribes from national and transnational corporations, who appropriate significant pay-offs from

contract scams, or who embezzle large sums of money from the public treasury into private (often overseas) bank accounts.” There are, however, many cases that can fall in between and makes it very difficult to categorize them as petty or grand corruption. According to Michael Johnston (2001:11), a prominent scholar in the field, “Not only are these modern definitions matters of dispute; at another level, they have come to seem incomplete, or even irrelevant to the episodes that spark public outcry.” Beside the differences in categorizing corruption, another, and arguably more heated, debate occurs between the scholars who hold a moralist point of view toward corruption, those who hold the functionalism perspective, and the neo-functionalists scholars.

b) The Classical approach to corruption

The classical approach to corruption is the moralistic one that categorizes behavior or action as good or bad, negative or positive, ethical or unethical. For moralist, corruption is bad, it is the degradation of human nature (Shwenke 2000). In 2014, Pope Francis said that corruption is a greater evil than sin (Boyle Darren 2014). Through his harsh condemnation of corruption, the Pope pointed out that the corrupt person may not even realize how corrupt he or she is. This corroborates with findings of authors such as Gorsira et al. (2016:2) who said, “very rarely recipients or providers of dubious gifts tend to view their behavior as corrupt.” Similarly, Gjalte De Graaf (2007:40) talks about the story of Piet Neus, an official who was charged with corruption involving bribery but who firmly maintained he did nothing wrong. The moralist attitude toward corruption is to treat it like a disease, condemn it every time there is a chance to talk about it. According to Werner, this moralistic approach to corruption is one of the principal

causes as to why the research in American public administration has neglected the study of administrative corruption (Wener 1983). Also, when he started off his study of the issue, Klitgaard (1988:ix) recognizes that the moral aspect of corruption was among the reasons why scholars in international development did not look at corruption “as a problem for policy and management.” Addressing corruption from a purely moralistic point of view does not help much academically. As James Wilson (1986:29) said, “Moral issues usually obscure the practical issues, even where the moral question is a relatively small one and the practical matter is very great.”

c) *The Functionalist approach*

While moralists stick with the bad tree bad fruits principle, the functionalist approach has developed many theories regarding how corruption can have functional role in the society. It has been argued that corruption can be an “accommodating device” when regulations are cumbersome; it can have an integrative function that allows citizen access to some public officials that they would not otherwise; it can “bring elasticity to rigid bureaucracy; and it can even be an alternative to violence when the institution and the system are weak or unstable (Werner 1983:148). Samuel P. Huntington (1968:3860 famously states that: "In terms of economic growth, the only thing worse than a society with a rigid, over-centralized, dishonest bureaucracy is one with a rigid, over-centralized, honest bureaucracy." In this sense, when the bureaucracy does not function normally in some countries, the way it does in the modern countries, corruption can make it somehow work through bribery. A famous work of Beck and Maher (1985), through some complicated mathematical reasoning, which was supported by Donald Lien (1986), showed that bribery is at least as effective as

competitive bidding procedure in finding the most competitive bidder in public procurement. More recent and empirically based studies have also supported the functionalist theory about the positive function corruption might have on the economy. Alber de Vaal and Wouter Ebben (2011), have found some empirical evidence on how corruption can help economic growth in countries where institutions are not well developed by supplying to the institutional vacuum that might exist. Some authors, such as Pierre-Guillaume and Méon Laurent Weill (2010), went even bolder as to suggest that countries with weak institutional framework may “benefit from letting corruption grow.”

d) Challenging the functionalism: The Neo-functionalism

It is undeniable that the functionalist approach has some strong arguments that back its theory. The critics also have just as strong arguments, to counteract the different claims about the functional aspect of corruption. Werner (1983:149-150), argues against the functionalist claim that corruption has “self-destructive nature.” Werner argues, through “spillover effect,” that not only corruption does self-sustain, it spreads from leaders to followers, throughout the institutions, and becomes more and more accepted as a normal part of public service. Bardhan (1997:1321), also offers some strong counter-argument to the functionalist claims, especially the ones about “greasing the wheels” and the effectiveness of bribery in public procurement process. According to Bardhan, instead of speeding up the process, a corrupt public official can, and often does, slow the process in favor of certain individuals. Regarding the efficient bribery in public procurement, the author points out the fact that bribery cannot be effective when “the official is influenced by considerations other than just the size of the bribe (for example,

favoritism for a particular client or nepotism); or when the briber can get away with supplying a low-quality good at a high-quality price, and the official lets in unqualified applicants with a high willingness to pay; or when bribery is used to limit the competition.”

Despite the fact that they argue against the functional aspects of corruption, these scholars do not embrace the moralist approach to the issue. They use similar approach as the functionalists, but argue from the perspective of the dysfunctional reality of corruption in the society. Authors like Meon and Sekkat (2005), for example, found that corruption negatively affects growth rate in countries with poor governance and therefore support the opposing theory that corruption sands the wheels of economic growth.

2. The danger of over-simplifying

As the question regarding the nature and the role of corruption divide scholars, the causes of corruption also does not receive unanimity. It is not easy to pinpoint the exact causes of corruption, aside the most simplistic fact that human nature cannot be trusted. Indeed, the selfishness of mankind, the desire to receive better treatment or bigger benefits than everyone else, pushes us to engage in all kinds of corrupt behavior. This simplicity was the foundation of the the Simple Model of Rational Crime (SMORC) theory developed by Becker (1974). Becker argues that the probability of committing a crime depends on the sanction and the probability of getting caught. The rationality behind crime is, then, the product of weighing possible positive and negative outcome. If the possible positive outcome outweighs the possible negative outcome, then the human being will commit the crime. To deal with crime, therefore, all government has to do is to

increase the risk of being caught, as well as the punishment. But even this simple and direct answer has its flaws as proven by the author Dan Ariely. In his book entitled *The (Honest) Truth about Dishonesty*, Dan Ariely (2012) criticizes the SMORC because the author believes that SMORC is too simplistic in its explanation of human behavior. Ariely, through multiple social experiments, demonstrated that the situation is much more complicated than what the SMORC theory claims. Still, human behavior does play an important role in the causes of corruption. Because the culture, the society, the environment, the education attainment, or the financial means, those things, undoubtedly can affect, directly or indirectly, corruption level.

Another over-simplification found on the literature is the big reliance on correlation to explain causality. For example, a cross country research conducted by Shrabani Saha and Rukmani Gounder, found that corruption “is positively and significantly correlated with income inequality, unemployment, literacy rate and democracy.” When doing cross-country comparison, it is possible to see that these variables do correlate with corruption. It is, however, inconsiderate to assume that people who have higher income, or more educated, or hold higher position are less corrupt than those who have lower income, less educated, or hold lower position. In most cases, the latter are the victims of corruption and not the beneficiary of it (Gupta et al. 1998:29). For example, Bjørnskov and Justesen (2014), in their micro-level analysis of bureaucratic corruption have found empirical evidence of poor people being the most affected by corruption in Africa. Because of the complexity of the topic, it is difficult to pinpoint the exact variables that have a real causal effect on corruption. Many authors, however, are satisfied to just looking at correlation without analyzing the validity issues that might occur. Some over simplification have gone very far even by calling random things like the closeness to the equator, the climate, the

average temperature in the year, and even the daily calorie consumption by the population to cause corruption (Beets 2005).

3. Limited validity of different approaches

Even more serious scientific approaches and theories on corruption have their own validity weaknesses. Some researchers, for example, have argued from the perspective that corruption occurs simply because the organization, the system, or the institution is favorable to it. Klitgaard (1998) has put it blunt and simple, saying that corruption (C), a “crime of calculation and not passion [...] equals monopoly power (M) plus discretion by officials (D) minus accountability (A)” or $C=M+D-A$. To Klitgaard, the solution to corruption is therefore simple, lowering monopoly power and discretion of officials and increasing accountability. As good and accurate this formula is, it is not true all the time. For example, following Klitgaard and other scholars on corruption, the International Monetary Funds along with the rest of the international community have encouraged developing countries to decentralize government. The decentralization is the opposite of monopoly, because it increases the number of veto powers, and is expected to reduce corruption. However, many researches have suggested that this is not always the case. Treisman (2000:16) found that “structural decentralization—a larger number of tiers of government—is associated with greater perceived corruption.” This finding is supported by Goldsmith who found that federal or decentralized systems are not favorable settings when it comes to fighting corruption (Goldsmith 1999:879). Similar reserve can be made for discretionary power, as certain discretion is necessary for public administration to work effectively. This is not to say that Klitgaard is wrong, it only implies that it is very difficult to find an universally applicable

theory on the causes of corruption.

B. Defining Political Corruption

In the literature, political corruption is interchangeably used with grand corruption as these two terms refer to corruption that involves high ranking officials and politicians. Just like corruption, in its generic meaning it is not easy to come up with a definition of political corruption that satisfies everyone (Johnston 1996). The difficulty is probably even more magnified when defining political corruption because, as Heywood Paul (1997:422) says, it implies a “notion of ‘uncorrupt’ politics.” The author suggest that all politics are to some extent corrupt. Still some authors have provided their own definition for political corruption. Amundsen (1999:3), for example, says that “In a stricter definition, political corruption involves political decision-makers. Political or grand corruption takes place at the high levels of the political system. It is when the politicians and state agents, who are entitled to make and enforce the laws in the name of the people, are themselves corrupt.” We can see that the author uses political corruption and grand corruption interchangeably. Political or grand corruption, as opposed to bureaucratic corruption that involves bureaucrats during the implementation process of the policy, takes place while the public policy itself is formed. Transparency International (2006) also offers their definition of grand corruption as “the abuse of high-level power that benefits the few at the expense of the many, and causes serious and widespread harm to individuals and society. It often goes unpunished.” By its nature, therefore, political corruption is dangerous for the economic and social prosperity of a country, especially a developing country because the people who are selected to lead and to take decisions that affect the lives of the entire population are

corrupt. Political corruption takes several forms in real life, a more moderate case is in the form of rent-seeking, and the most extreme is in the form of state capture.

1. Rent-seeking theory

- a) *Overview*

Rent-seeking theory focuses on the attitude of certain public officials and policy makers regarding their function in the institution and policy-making. These officials can be street-level bureaucrats or high ranking officials within the government. Rent-seeking theory is not solely reserved for political or grand corruption but is also often used to explain bureaucratic corruption. When used to explain political corruption, the main idea of this theory is that political leaders and policy-makers, intentionally make policy that undermine economic growth in order to benefit personally from the system (Jonathan 2010:3). A rent-seeker is an official or a politician that constantly seeks ways to make undeserved money from their public office. This rent-seeking behavior can be more obvious in resource rich countries because the resources offer numerous opportunities for the officials. As a result, the public resources, instead of being a blessing that help build the economy and benefiting the population, become the principle reason why the society is corrupt and poorly governed. Although the idea of rent is not new, especially in the economic sphere, the foundation of the theory of “rent-seeking” in terms of how it applies to resource curse is attributed to Tullock and Kruger. Tullock did not specifically use the term “rent-seeking theory” but described the behavior that would eventually be known as ‘rent-seeking’ when he explained the concept through the “social cost of theft and

monopoly.”(Pooler 2004:65). Krueger (1974) was more straightforward in her assessment of the theory as she describes how the rent can affect the general welfare of the state by analyzing the damaging effects of quotas, as compared to tariffs in trade restriction. She used a real example of cases from developing countries. From the economic perspective, rent-seeking is not always corruption. However, corruption, especially political corruption is, as Goldsmith (1999: 868) puts it, a form of rent-seeking behavior as it refers to “any effort to get government to help one group or individuals at society’s expense.” Rent-seeking can also happen at a lower level of government when a street-level bureaucrats seek ways to use their entrusted authority to make illicit personal gains. The solution regarding rent-seeking is mostly related to enforcing good governance, freedom of press, and the respect of democratic principles.

b) Rent seeking in Madagascar

It is not unusual for political leaders in Madagascar to change the rules when the rules are not in their advantage. The reason why Madagascar Constitution has been changed and revised many times (14 Constitutional changes and revision, 4 republics) is mostly because the President either wants to extend his authority or wants to remain longer in power (Ranaivo, 20014). In 2010, for example, during the transitional government, the authority changed the Constitution, and the sole consequential change was mainly regarding the age requirement to run for President. The previous Constitution required 40 years old to be the minimum age for running for president. The President of the High Authority of the Transition, who led the *Coup d’Etat* of 2009, was 36 at the time. The new Constitution has brought down this age requirement to 35. Many political observers in Madagascar

criticized it as a Constitution tailored to fit the President of the Transition. This is an obvious case of changing a policy out of personal interest. Another good example is the tax exemption the government offered, in 2005, for certain imported goods which mainly benefited the company of the President. This also drew huge criticism from both the opposition and the international community (Randrianja 2005). Of course, the bill or constitutional proposal does not come into effect unless they are validated by the National Assembly and Senate, or through popular referendum. In a country where corruption is rampant, illiteracy rate is quite high, and some villages are practically inaccessible, it is easy for the government to make and remake any law, by making the people believe that it serves their interest. During the transitional periods, in which the legislative branch is usually filled with members appointed by the “president,” the executive, heavily backed by the high-ranking military officials, have complete control of the other branches of government.

2. State Capture

a) Overview

One of the most extreme and devastating form of political corruption is state capture. State capture refers to “actions of individuals, groups, or firms either in the public and/or private sectors to influence the formation of laws, regulations, decrees and other government policies to their advantage through illicit and nontransparent provision of private benefits to politicians and/or civil servants.” (World Bank 2000:1). The people who detain the public authority either form a network or are totally controlled by a private network to pursue their private goals, to the detriment of the interest of the

general public right, in all the phases of policy making and implementation process. They have the ability to influence the government to adopt laws and policies that largely benefit them and not the people (World Bank 2005: 240). This capture can happen in the executive branch of government, legislative, the judiciary, or the institutions in charge of regulating certain key important sector in the government. The capturer can be a network of private individuals, firms, politicians or foreign interests. It is also possible that state capture occurs in lower level of government such as local government or regional government where few powerful individuals managed to control or influence the decision-making in the local government. Transparency International brings additional clarification on how state capture occurs and what is its main effect in the government and public institutions' effectiveness. "State capture occurs when the ruling elite and/or powerful businessmen manipulate policy formation and influence the emerging rules of the game (including laws and economic regulations) to their own advantage. The captured economy is trapped in a vicious circle in which the policy and institutional reforms necessary to improve governance are undermined by collusion between powerful firms and state officials who extract substantial private gains from the absence of clear rule of law." (Lugon-Moulin 2014)

b) State Capture in Madagascar

State capture, as we just described it, results in government being run to serve the interest of the few, to the detriment of the many. In Madagascar, where almost ninety percent of the population are currently living under the poverty line, it is reasonable to consider that state capture might be behind it. According to several authors, in Madagascar, there is a network of powerful families that form a group called the "club des 48." These 48 families are all

from the central area of Madagascar and the well known members are all respectable businessmen and women and wealthy politicians. The real existence of this club is never fully proven, nor the real extent of its power. Archer (1976) seems to be the first one who wrote about this network and their objectives, which is economic power. Archer, from his field research on Malagasy politics, argue that this club was created in the 19th century and their agenda was temporarily halted during the colonization. The author implies that this network of powerful families were responsible for the assassination of the President Ratsimandrava in 1975 – which we will talk about more in the next chapter – because his anti-corruption stance and his politics of society did not sit well with the Club interest. Since Archer, some political analysts have referred to this ruling class in Madagascar and their roles in the political spheres that often constitute a mystery for the laymen. Esoavelomandroso (1995: 341), a university professor in Madagascar and also a prominent politician, without mentioning directly the *Club des 48*, differentiate the technicians, those who have the high ranking status in the administration, control the public companies, and head the regional administration, from the common politicians. The “technicians” are the decision-makers, according to Esoavelomandroso, and they come from the powerful families. They have been in charge of the so called “Kingdom of Madagascar” since the nineteenth century. Even in a more recent history of Madagascar, certain political situation or even crisis has often been attributed to the influence of this powerful family (Africa Intelligence 2004).

It is easy to understand the consequences of grand corruption, either in the form of rent-seeking or in state-capture. It is, however, difficult to look at the causes of it. We are now get back to review the literature on the causes of corruption, relevant to the cases in Madagascar.

C. Causes of corruption most relevant to Madagascar

In this sub-section, we will focus mostly on the causes of corruption that are most relevant to the situation in Madagascar. The two most popular theories on corruption, which also happens to be highly applicable to the case of Madagascar is the Principal-Agent theory and the Cultural theory. From different perspectives, these two theories have interesting ways of looking at corruption and what causes it.

1. Principal-agent approach to explaining corruption

As we have already mentioned, principal-agent approach to corruption is based on the idea of information asymmetry that enables the agent (elected or appointed officials) to pursue their self-interest to the detriment of the principal (the people). When applied to political corruption, it is obvious that the principal is the people, the voters, and the agent is the elected officials and members of government. This approach is in perfect harmony with democratic principal where people entrust their power to a few individuals who then act on behalf of the people to best serve the general interest of the public. The popular definition of corruption, which is “the misuse of entrusted power for private gain” is closely related to the principal-agent theory. Accordingly, the power that the public officials possess has been intrusted to them by the people. This means that, the corrupt officials are abusing something that does not belong to them, against the directive and to the detriment of the real owner of the power.

The principal agent approach can also be used to explain bureaucratic

corruption. In that case, the principal is no longer the population but the high ranking officials. The agents are the bureaucrats and street-level bureaucrats who takes advantage of the information asymmetry that exists between the two. This approach has, however, been criticised for it implies the existence of a benevolent principal, in this case the rulers or the high officials (Teorell 2007:4). The idea that the government official is a benevolent principal is highly debatable because in many cases when bureaucratic corruption is high, it is because political corruption is also rampant. Not surprisingly, principal-agent theory can also accommodate to the coexistence of bureaucratic corruption and political corruption (Roy and Coppier 2016). In this case, while the elected and appointed officials in the government play the role of “agent” for the voters (principal), they are, at the same time principal to the bureaucrats (agents). The high ranking officials, while being corrupt might try to hold the bureaucrats to behave in a certain standard. In their turn, because of the information asymmetry and divergence of interest, the bureaucrats act in a way that is in contrary with the expectation of the high ranking officials in the government. It is arguable that this is the scenario of “spill-over effects” of corruption, from the leaders to the followers, that Werner (1983) has warned us about. This is one of the reason why fighting political corruption is important in the fight against corruption because if the high officials are corrupt, it is difficult to hold the bureaucrats or the street level bureaucrats honest, accountable and trustworthy.

a) *Information Asymmetry*

The assumption here is that if the people have all the information regarding their politicians, in a world of symmetric information, they would elect those who will serve the public interest the most and those who will

follow through with their campaign promises (Jan-Erik 2013). In this regard, politicians who fail to do their job will not be re-elected as a result. For fear of being sanctioned by the voters in future election, then, elected officials will always do their best to meet the expectation of the people. Unfortunately, that is not the case, most of the time. There is, indeed lack of perfect information flow, or information asymmetry, between voters, the principal and the elected officials, the agent. The highly ranked government officials or policy-makers, once elected or appointed, often fail to follow through on their promises and deviate from the messages that got them elected or appointed by engaging in acts that only or mostly benefit them and/or their entourage. There are cases when voters do not even know what their politicians are doing and what are the consequences of the policy they are implementing (Advig et al. 2000:19). This is the reason why Oscar Kurer (2001) asks the question “Why do voters support corrupt officials?” The author provided several hypotheses, without fully endorsing any, and among the most plausible answer is the ignorance of voters. The answers given by Kurer in the article may not satisfy everyone, but few would deny that the author has raised a very important question regarding this issue. Many corrupt leaders do get re-elected, and the problem of information asymmetry of the principal-agent theory may help answer this question.

There are two scenarios that help explain information asymmetry: adverse selection and moral hazards. Adverse selection explains more the problem of information asymmetry between buyers and suppliers that puts the buyers at a disadvantage. The moral hazards approach explains more the information asymmetry existing between an agent and a principal. Both scenarios, however, can be applied to political corruption. Adverse selection happens when one party, in our case the voters, do not have access to a complete information regarding the other party, the politicians. The voters

cannot fully anticipate the real intention, the motivation, or even the capacity of the candidates they are selecting during election. The voters are left to choose amongst politicians, some good and some bad, without being able to tell the difference. Because of this lack of information, the voters are vulnerable and may very well be victim of a misleading behavior of corrupt politicians pretending to be non-corrupt. As the Gresham's Law, discussed by many authors including Sullivan (2005), states, "bad money drives good money out." The Gresham's Law has been used to explain how bad products on the market will drive the good ones out when people cannot differentiate between the two. In a world of information asymmetry, the same way bad products drive the good ones out of the market, which has been fully explained by Akerlof (1997), bad politicians drives the good ones out of politics as the well intentioned politicians do not want to be associated with the bad ones. As a result, the people face a higher risk of selecting bad politicians than good politicians to represent them.

The moral hazard, on the other hand is a little bit different because it is related to a change of behavior of the agent due to a change of circumstances. It still deals with information asymmetry in the sense that the principal is unable to predict the future behavior of the agent when the circumstance changes. Moral hazard is oftentimes used to describe insurance problem or any situation that involves risk sharing due to the agent's behavior. For example, in the case of insurance contract, the beneficiary of the contract tends to become more reckless because the insurer would cover the cost, if the insured risk occurred (Stiglitz 1983). The provision of the insurance can be interpreted that the insured individual does no longer bear the full responsibility of his/her action. We can associate this concept of insurance and moral hazard with the "immunity" system that protects many elected officials in developing countries. Their immunity shelters them from

being sued or prosecuted even if they engage in deviant behavior. Indeed, most politicians and high ranking officials in developing countries enjoy a high degree of impunity. An attempt to include Article 46 (a bis) in the African Court Protocol, called the Malabo Protocol, gives us a good example. It states “No charges shall be commenced or continued before the Court against any serving AU (African Union) head of state of government, or anybody acting or entitled to act in such capacity, or other senior state officials based on their functions during their tenure in office.”(Kuwali 2014). Although this protocol has not been finalized and is still going through some changes due to heavy criticism it has received, it clearly indicates how far certain politicians and leaders of state are willing to go in order to enjoy the maximum impunity. It is, therefore, not surprising that almost all African countries occupy the bottom rank not just in the Corruption Perceptions Index of the Transparency International but in all corruption indexes. When officials do not risk any prosecution for their corrupt behaviors by being totally immune from the reach of the justice system, the moral hazard scenario explains why they are more likely to engage in corruption. In the case of Madagascar, presidents and prime ministers can only be judged by a special court called the Supreme Justice Court that does not exist while the Senators and the Members of Parliaments enjoy a great deal of immunity. The people cannot anticipate how this change of status will affect the individuals they have elected to act on their behalf, once those individuals are sworn to office. This is even more so, when the right of the people to basic information is not always respected.

b) Divergence of Interests

As we have already mentioned, the democratic electoral system is the

procedure through which the people transfer their power, for a limited period of time, to few individuals. These individuals form the ruling entity that is supposed to serve the general interest of the constituents, the people. The only interest that should matter is therefore the people's interest. In a perfect principal-agent scenario, in a total absence of information asymmetry, the agent will always put the interest of the principal, the public interest, ahead of his or her personal interest. In case of conflicts, the agent will sacrifice his/her personal interest to allow the public interest to be served. Unfortunately, borrowing from the rational choice theory, the agent is often a self-interest maximizer. Rational choice theory is one of the most used theories to explain the divergence of interest between the agent and the principal. According to this theory, the officials will always try to maximize his/her interest. S/he will choose to be corrupt if the expected outcome of the corruption is more advantageous than the choice of not being corrupt. The officials weigh in the cost, such as the chance of getting caught and the price to be paid if getting caught, against the benefits, which is the prize that he or she will gain from the acts. Rose Ackerman, for example, in her book entitled *Corruption and Government: Causes, Consequences, and Reform* (1999), emphasizes the importance of cost and benefits in the incentive to engage in corruption. This costs and benefits analysis is valid for the corrupt officials as it is valid for the private individuals who want to get passed the government regulations or reduce the cost imposed by the government for the service. Because of the transfer of power, the government has monopoly to do almost everything, in the name of people. They have monopoly to use force, to allocate scarce resources, to choose whom to give big lucrative contracts, etc. This monopoly makes serving self-interest very lucrative. Klitgaard also falls within this category with his famous $C = M + D - A$ corruption formula. Not only Klitgaard echoes Rose-Ackerman's approach

to corruption, he is taking it even further by simplifying the theory by saying “if the benefits of corruption minus the probability of being caught times its penalties are greater than the benefits of not being caught, then an individual will rationally choose to be corrupt.” (Frederickson and Rohr 1993:33).

The question to ask then is how the principal should react in this case. Following Ackerman and Klitgaard’s argument, the principal has the option to reduce the incentive to engage in corruption by increasing the rewards of being non-corrupt, or/and increase the cost of corruption. These suggestions are theoretically sound but not always practically feasible. Increasing the reward so that corruption will be less attractive is theoretically good but is difficult in practice because of the difficulty to assess in advance how much corruption would bring to the agent. Setting a very high price may lead to a disproportionate income for the agent that the principal may be unwilling to give. Raising the cost of corruption by increasing the possibility of detection and punishment can backfire in making corruption even more lucrative. But these are basically what Groenendijk (1997), who wrote a thorough analysis on the principal-agent model to explain corruption, suggests. The author argues that there are three things the principal can use: incentives, persuasion, and directives (Groenendijk 1997). The incentives, which can be positive or negative, are used by the principals to make the agent re-evaluate his choice, and reduce the gap between his/her self-interest and the interest of the principal. The author argues that the use of incentives does not guarantee a change in the behavior of the agent or in the outcome. The use of persuasion has a better chance to achieve the outcome desirable for the principal because the agent an effective persuasion will make the agent have a better perspective at how he is also serving his/her interest by pursuing the principal’s interest. The use of directives means that the principal reduces the discretionary power the agent has, allowing the principal to have more direct

control of what the agent does. All these actions by the principal, can however be tempered by a deceitful agent who can always “conceal his actions” or lure the principal to give positive incentives (Groenendijk 1997:212-213).

2. The Cultural approach

a) *The importance of cultures and norms*

The informal institution is the actual display of how the formal institutions are practiced. Informal institution determines the real distribution of power in the society. Some cultures are more tolerant to corruption than others. There is also the case of a low level of trust toward government and public institutions that make corruption thrive.

(1) Social Structure Favorable to Corruption

The idea that culture affects corruption and the likelihood to engage in corrupt behavior has been empirically researched by many scholars, although their findings do not always support one another. Miguel and Fisman (2007), for example, when analyzing parking ticket violation among foreign diplomats in New York, found that diplomats from corrupt countries tend to violate parking rules more than those who come from less corrupt countries. The authors argue that their findings were robust and concluded that “norms related to corruption are deeply ingrained.” This finding, however, was only partially supported by the research done by Barr and Serra (2010) who conducted a bribery experiment on graduate students. Barr and Serra found similar evidence for their research experiment to

undergraduate students but this finding was disproved when the same research was conducted to the graduate students. The authors concluded that “While corruption may, in part, be a cultural phenomenon, individuals should not be prejudged with reference to their country of origin” (Barr and Serra 2010: 869) The point is, therefore, culture does have a lot of influence on corruption even though it is impulsive to assume that someone who comes from a corrupt country is more likely to be corrupt than someone who comes from a less corrupt country.

Trust level is not the only cultural trait that affects corruption according to the literature. Almost every author that discusses the link between culture and corruption refers to Geert Hofstede’s model on cultural dimension. Geert Hofstede (2011) listed 6 dimensions of culture: power distance, uncertainty avoidance, individualism versus collectivism, masculinity versus femininity, and indulgence versus restraint. Hofstede’s work is not about corruption, even though the author does suggest power distance dimension to correlate with high or low level of corruption (Hofstede 2011:9). Many authors, however, have used his model to explain the relationship between corruption and culture. Getz Kathleen and Roger J. Volkema (2001), for example, have found that power distance and uncertainty avoidance to be positively correlated to corruption, although the authors did not suggest a causal relationship between these variables. Price (1974), in his article regarding political corruption in Ghana, uses “big man” and “small boy” syndrome to show the ‘power distance’ that shaped the political culture in Ghana (without using the term ‘power distance’) where the small boys are hierarchically inferior and subordinates to the big men. Everyone understands their roles and do not question the social structure in which they are interacting (Price 1974:173). According to the author, not only does this “big man small boy syndrome” is a major cause for corruption,

if ignoring this cultural dimension, any technical solution aimed at solving the political problem is doomed to fail (Price 1974:173).

(2) The Problem of trust

On a macroscopic level, culture has an important place in the political life of a country, and can be influential in accepting or rejecting corruption. The title of Lawrence Harrison's article "Culture Matters" (2000) shows how important culture is in politics and government. The author has developed a theory on why some cultures, the progressive cultures, are more likely to achieve economic development than the others, the static cultures. When distinguishing the static culture from the progressive culture, the authors show how countries with static cultures are more prone to corruption. For example, when it comes to community, the author says "The radius of identification and trust extends beyond family to the broader society in the progressive culture, whereas the family circumscribes community in the static culture. Societies with a narrow radius of identification and trust are more prone to corruption, nepotism and tax evasion and are less likely to engage in philanthropy." (Harrison 2000: 62). Despite the rigid categorization by the author, which is often a bad sign in the study of corruption, the static culture seems to describe fairly accurately the culture in Madagascar.

Other authors have extended their research on the relationship between trust and corruption. As Rose-Ackerman and Palifka (2016:236) say: "A common view holds that in societies with low levels of trust, corruption flourishes as a way to overcome pervasive distrust of the motives of others." This level of trust is particularly low in many African countries that were victims of human trafficking and slavery in the past. This can, therefore,

explains the high level of corruption in almost all the African nations. The idea that trust tends to be lower in the African continent and how the causes can be traced back to the era of the slave-trade in the eighteenth and nineteenth century, has been further and deeper analyzed by Nunn and Wantchekon (2011). These two authors concluded that “Individuals’ trust in their relatives, neighbors, coethnics, and local government is lower if their ancestors were heavily affected by the slave trade.”(Nunn and Wantchekon 2011:250). Not all trust is helpful against corruption. Rose-Ackerman and Palifka (2016:250), for example, argues that a strong interpersonal trust (similar to the narrow radius of identification and trust that Harrison (2000) refers to) does not necessarily help in the fight against corruption as this can also be a factor of corruption and favoritism. Those who do not have tie with anyone of authority end up marginalized. But all the scholars seem to agree that the low trust in the society, especially a low level of trust in government and institution can contribute to the high level of corruption.

Despite being an island, Madagascar did suffer from the devastation and inhumane impact of the slave-trade. Like the rest of the African countries, the country was also victim of colonization by the end of the 19th century. The fate of Madagascar is therefore similar to the rest of the other African countries. There is not yet any serious research regarding solely trust in government or public institutions in Madagascar, beside the ones related to corruption perception. The IMF report on Madagascar (2015:23), however suggests that the low tax revenue in Madagascar is due to non-compliance and low tax moral, which is a sign of low trust in government. The interpersonal trust Rose-Ackerman and Palifka (2016:250) describe seem to be not very far fetched to the reality in Madagascar as personal connections are very important in Madagascar to enjoy special treatment from the public workers. There is, therefore, a possibility to explain the high level of

favoritism and nepotism in Madagascar because people are more prone to serving their personal interest and the interest of their close friends and relatives, rather than serving the general interest of the public. These authors argue that rarely the public officials who operate based on this interpersonal trust do so out of genuine desire to serve others. More often than not, they are operating under a quid pro quo system, expecting a return when needed (Rose-Ackerman and Palifka 2016:250)

b) Culture and the corrupt political institutions

Due to the efforts of international organizations such as the IMF and World Bank to combat corruption, most countries, even the ones that have high level of corruption, have adopted some form of formal mechanisms and institutions to combat corruption. This does not always mean that corruption is reduced as a result. Most anti-corruption measures in developing countries have failed to combat corruption and certain authors believe that this is due to the way corruption has been viewed or treated. Instead of looking at corruption as a deviant behavior, a work of few individuals in the society, it can help to look at it as forming an institution of its own. To stress the reason why the anti-corruption measures have failed and the importance of looking at how the culture favorable to corruption affects the institution, Collier (2002:2) argues that “Attacking corruption threatens the very political power structures that keep a ruling elite in office – action ruling elites are bound to resist. Additionally, my analysis demonstrates that the corruption phenomenon is so complex that it can only be addressed through grassroots changes in a state’s political, economic, and cultural institutions – changes that are not only technical but also social in nature.” Ignoring the possibility that the social structure and the culture enable the high ranking officials to

unduly benefit from corruption sets the anti-corruption scheme on a path of failure. Because of culture, the officials justify their crooked behavior as the way of the land, the tradition.

Because of the failure of anti-corruption policies and approaches that have focused on rational self-interest, efficiency pressures, and regulative structures, some scholars began to embrace the cultural approach and address the issue from the perspective that corruption has become a part of the institution. Misangyi et al. (2008:751) have taken this institutional approach and criticize the rational self-interest approach toward corruption as leaving “open the question of what constitutes the best route to rectify an already corrupt system.” In other words, the rational approach has a sound argument on what causes corruption on individual level but fails to offer any remedy for a corrupt culture, a corrupt practice that has become the norm. We have already discussed how the efforts to reduce corruption by decreasing monopoly through decentralization have not shown much impact in the fight against corruption. Other solutions, such as market liberalization or smaller government intervention also have yet to produce convincing effects in the reduction of corruption. As Misangyi et al. (2008:752), referring to the works of Kaufman (1997) and others, point out, “market liberalization policies (e.g., mass privatization) used in transforming some ex-Soviet bloc countries have failed to eliminate corruption and instead have sometimes led to more, albeit different, corruption.” This approach is similar to the organizational culture theory but is put into a larger social framework. The organizational culture theory focuses on how the culture within the organization authorizes or even encourages its members to become corrupt. As a result, in the long run, corruption becomes the norm and honesty becomes a deviant behavior. Jonathan Pinto et al. (2008) differentiate between ‘corrupt organizations’ and ‘organizations of corrupt individuals’ to distinguish the corrupt behaviors

that benefits the organization from the ones that personally benefit the corrupt members (Pinto 2008). Bring into a macro level, the society or even the state, this approach sees corruption as a culture that dictates the behavior of the ruling elites.

D. Solutions to Corruption Most Relevant to Madagascar

1. Principal-Agent Approach

a) *Information Symmetry with the New Technology*

As we have already seen previously, information asymmetry can cause corruption through the adverse selection and the moral hazard scenarios. We saw that both scenarios are equally dangerous for the country and can be corrected by increasing mechanism that allows people to have more knowledge of their politicians and political leaders. The good news, for anti-corruption agency, and for all the people who want to eradicate this phenomenon is that the development of new technology offers greater chance for information to spread out. It is not of any coincidence that this era is called the information era. Authors, such as Tabarrok and Cowen (2015) even believes that we are coming to an age that marks the “end of information asymmetry”, at least the one that exists between the buyers and suppliers in the market institution. This is mainly due to the development of new information technologies that enable the buyers to have just as much information about products that exist on the market, their general market prices, and their quality. Although it is probably presumptuous to make such claim, new technology advancement does offer to the general public access to information that was not available to them decades ago. In different

forums and social media, a vast network of information sharing is available and there is a big chance to read about feedbacks given by previous buyers or users of certain products or services. The question is, therefore, how anti-corruption agency and everyone interested in fighting corruption can take advantage of this opportunity to correct the information gap that exists between people and the politicians or political leaders.

There should be two things to take into account: the right of the people to have access to pertinent information regarding the public officials as well as the right of the people to communicate freely their opinions and concerns without fear of being repressed by the government.

2. Cultural Approach

a) *Improving formal Institution*

Madagascar has an already outstanding anti-corruption legal mechanism and meets the standard set by the United Nation's Convention Against Corruption. These anti-corruption policies have been largely transferred from other countries or implemented based on the advices from foreign experts. As in the case for Madagascar, these consultants helped Madagascar adopt anti-corruption policy from the "best practices" observed in other countries. It is, however, very well known in the Public Policy studies that policy transfers are not always successful. Dolowitz and Marsh (2000) list three factors that can cause policy transfer to fail, *uninformed transfer*, *incomplete transfer*, or *inappropriate transfer*. Looking at these three, the failure of Madagascar anti-corruption policy can be attributed to the *incomplete transfer* factor. These is an incomplete transfer when "although transfer has occurred, crucial elements of what made the policy or

institutional structure a success in the originating country may not be transferred, leading to failure.” (Dolowitz and Marsh 2000:17). It is arguably, in the case of Madagascar, a clear case of incomplete transfer when the whistleblowing protection and the lack of access of the general public to the contents of asset declaration are not provided in the anti-corruption law.

(1) Asset Declaration

The first solution requires high ranking elected or appointed officials to make public certain information regarding their financial status and income. One way to do so is the adoption of a system called “asset declaration.” Many countries have introduced asset declaration in their regulation of public organization to ensure transparency of the wealth of public officials and the flux of their assets (Transparency International 2013). Asset declaration would prevent government officials from making a lot of money by stealing from the public because they it will eventually appear in their asset or the asset of their close relatives (family or spouse). Asset declaration is therefore a powerful tool to prevent public funds embezzlement and political corruption in general.

Madagascar has introduced this system in its legislation in 2004 with the anti-corruption law and the public administration reform (Law 2004-030, Article 3). The law and the decree stipulate heavy punishment for anyone who is legally requested to declare their assets and fails to do so. The asset-declaration policy is applicable to the prime minister and the members of the government, the Senators and Members of Parliaments, the Supreme Constitutional Court members, Governors of Provinces, Regional Chiefs, Mayors, Judges, high ranking bureaucrats, and military officials (Decree 2004-983, Article 2). The law is applicable to those who occupy those

functions as well as their spouses. Like many countries who have introduced this asset declaration system, and almost all new public policies, the implementation of this policy is not very effective until now. Madagascar remains among the highly corrupt countries. The main weakness attributed to the asset declaration in Madagascar is in its implementation. Even though the majority of elected or non-elected public officials fail to accomplish this legal obligation, until today, no one has ever been prosecuted for such failure. In order for this policy to work, the government of Madagascar needs to prove that it is serious in the anti-corruption efforts and strictly enforce the laws of the land. Without this seriousness, officials who have been used to getting everything their way will not change their behavior. The efforts and rigor that the previous administration has shown toward this asset declaration procedure need to be continued and reinforced. Otherwise, Madagascar will always be taking this cadence of one step forward and two steps back in its anti-corruption fight. The other weakness that needs to be addressed is the privacy of the information declared. For confidentiality purpose, the declaration is done in the most secretive way. Only the Anti-Corruption Independent Agency (BIANCO) has access to their contents. This has serious limitation for two reasons. First, it is very difficult to detect any untruthfulness in the declaration. With the reticence that officials have shown to declare their assets, it is wise to assume that many of them are willing to lie in their declaration. If, for example, they fail to declare an important part of their asset, there is little possibility for the Agency to know about it. The second reason is that because of this confidentiality, the public will continue to believe that the declaration of asset is just purely procedural and has no real signification in the fight against corruption.

(2) Whistleblowers protection policy

The second solution requires a policy that protects whistleblowers and encourages people to report corrupt behaviors they observe or they suspect to occur in their workplace. Whistleblower protection policy is one of the best way to fight corruption as it facilitates the detection of corruption. The people who work closely with the high ranking officials or the elected politicians are the most informed of the wrongdoing done by these officials. This is also one of the mechanism encouraged OECD to be adopted by member countries, as well as any other countries because “Public and private sector employees have access to up-to-date information concerning their workplaces’ practices, and are usually the first to recognize wrongdoings.” (Cleangovbiz 2012:3) Protecting whistleblowers can, therefore, boosts anti-corruption reforms because it makes corrupt officials less confident in engaging in corrupt behavior. It is also likely to increase the cost of corruption as the chance of getting caught is great when whistleblowers are protected. Unfortunately, as we will see in chapter 3, Madagascar does not have a good whistleblower protection policy. The Anti-Corruption Law even threatens those who denounce corruption and lacks proofs to be charged for abusive denunciation.

b) Fixing the non-formal institution

(1) Addressing the corrupt institutional framework

There has been many talks and experiments on good governance in the public policy and public administration studies as well as other other social and economic related fields. The international organizations, especially the donor countries and institutions are amongst the first to call for good governance. Billions of dollars have been invested to help different

countries, mostly developing countries, to increase transparency and accountability in their government activities. Madagascar is among those countries targeted by the international organizations to improve governance and public administration. However, the efforts and the money spent in this endeavor has brought very little progress. Corruptions continue to be widespread and the people are kept in darkness for most policy decisions affecting their lives. From the branch of institutional approach that focuses on corrupt institutional framework, the cause of this rampant corruption is that the ruling elites, benefitting largely from corruption, resist the anti-corruption reforms and efforts.

The best way to tackle corruption, in this case, is to have a more specific, sector based anti-corruption reforms and not just the broad and one size-fits-all approach that has had limited impact. In this sector based anti-corruption policy, the involvement of all the stakeholders in the sector is necessary. Local people needs to be empowered to monitor government activities that directly affect their lives. A more face-to-face dialogue between elected representatives should be mandatory, not just to correct the information asymmetry but to encourage the participation of the people to shape public policies, especially the policies that touches them directly. As Peter Langseth, in his paper presented at the Global Programme Against Corruption Conference, UNODCCP, says “By all logic, therefore, anti-corruption strategies should work to greatly enhance participation in the design, implementation and evaluation of programs to improve accountability. Rather than economists or procurement experts imparting their knowledge via a few high placed government clients or “champions,” the key effort should involve international task managers who develop, train and coach local stakeholders to facilitate the broadening of circles of participation.” (Langseth 1999). This point is important for Madagascar

because, as our survey response showed, trust in public institutions and political leaders in Madagascar is very low and power is highly concentrated at the top. Efforts aimed at creating a space where more involvement of the people in the policy decision-making as well as improving the transparency in the work of government would be highly efficient.

(2) Cultural change?

As we have previously seen, some cultural dimensions of the society can be the principal cause of corruption as these cultures encourage or tolerate some types of corrupt behavior. Clearly, a cultural norm that encourages a social divide into big men and small men needs to be changed. A low level of trust in public institutions and government should be fixed. The most difficult question is how. This question is even more difficult to answer when, clearly, corruption has benefitted the ruling class, the big men and the elites, by maintaining them to power. When we discussed the causes of corruption from the institutional perspective, we found that many authors have explained how corruption has become the norm, the “rule of the game” while honesty becomes a deviant behavior. This approach has been emphasized by Zhang Nan (2015:388), when the author experimented on changing a culture of corruption. Corruption reinforces itself because “an individual may be more likely to engage in corrupt practices when she believes that her fellow citizens are doing the same.” In other words, when it becomes quasi-cultural to engage in corruption, the person is more likely to engage in corruption. Reversing this process can therefore be an effective way of fighting corruption. As Zhang argues “if an individual believes that her peers are honest, she may refrain from taking advantage of corrupt opportunities in order to avoid triggering social disapproval.” In his

experiment, Zhang tested how Southern Italians, who come from a corrupt social background, will behave if they learn that they are interacting with other Southerners like them. The author expected that the Southerners will be even more corrupt because of the expectation that they are interacting with people that have corrupt social background. The outcome was, however, opposite from the author's expectation. The author suggests certain explanation to this unexpected result but does not raise the possibility that the Southerners, despite being viewed as corrupt, have a general belief that they are not corrupt (Zhang 2015:389). Nevertheless, the author came to the conclusion that "This approach implies that cultures are not static, immutable, or hard-coded. Instead, when the collective beliefs of a society change, that society may tip towards a new set of culturally-prescribed behaviors." (Zhang 2015:407).

The other way to combat an institutional corruption, the case where the ruling elite benefits largely from the corrupt system and impedes to the fight against corruption, is the help from the international organization. Because the vast majority of countries that have high level of corruption are underdeveloped, more focused and targeted efforts from the donor countries and financial organization to put pressure on the government to fight political corruption can be a very powerful tool.

Chapter 4: Research Objective and Methodology

A. The Dependent and Independent Variables

The aim of this paper is to understand what causes political corruption in Madagascar and to suggest the solutions. The main question we are asking is “Why political corruption is widespread in Madagascar and what would be the best solution available for fixing it?” To answer this research question, we looked at the two most popular theoretical approaches observed from the literature on political corruption and then used those theories to build our hypotheses and the survey questionnaire. Our dependent variable in this research is the level of political corruption. The independent variables are the causes of corruption, based on the two popular theories on the matter, the principal agent theory and the cultural theory. The survey was designed to test which of the theory is best to explain the rampant political corruption in Madagascar. Therefore, one part of the survey was designed to test the factors that can help determine factors associated with either theoretical approach. The other part of the survey was asking respondents to rank the causes of corruption, based on their relevance to political corruption in Madagascar.

B. Hypothesis and questionnaire

1. Hypothesis 1: Principal-Agent theory

As we have discussed in the literature review, *principal-agent* theory argues that the information asymmetry between the principal and the agent, used by the agent to pursue different goals that do not serve the interest of

the principal, is the root of corruption. The principal is the citizen who gives mandate to the agent, the elected or appointed officials to act on their behalf. Corruption is then due to the divergence of interest and the information asymmetry that allows the agent to engage in behavior which is not necessarily favorable to the principal. There are two factors here, one is the information asymmetry, the other one is the divergence of interest.

Our first hypothesis, *HYPI*, related to the information asymmetry is that “political corruption in Madagascar is caused by the information asymmetry that the agent takes advantages of to further interest other than the principal’s interest.” There are two factors, equally significant in this hypothesis, information asymmetry, and the pursue of interest, other than the principal’s, by the agent. For the information asymmetry, we used three indicators. The first one is the level of information-sharing between the elected officials (the members of the National Assembly) and their constituents. For this we asked respondents about how often do their elected representatives meet with them on a yearly basis. Because the National Assembly has two sessions every year and during each session gets to ask the members of government any question pertinent to the government work, we expect the members of parliament to meet with their constituents at least twice a year. The second indicator is the satisfaction of the respondents on the transparency of government. We use the respondents’ satisfaction to measure the degree of the information asymmetry. The third indicator we used is the civics knowledge of the respondents. We asked a set of general questions pertaining to politics and government activities. We designed the questions based on models made by the Annenberg Public Policy Center of the University of Pennsylvania (2014). Our aim for this third indicator is to test how exactly informed or misinformed our respondents are of the basic function of the government. Arguably, because most of our respondents live

in areas not very far from the capital city, we assume that they are at least as informed as people who live in remote villages who barely have access to the public radio and television channel.

The second element of the principal-agent theory, the one related to the divergence between the interest of the agent to the interest of the principal was more delicate to measure. On one hand, in a country that has a level of political corruption above the world average and at the same time one of the poorest country in the planet, it should be self-evident that the elected officials are putting their self-interest way above the interest of the public. Corruption is by definition the pursuit of self-interest, to the detriment of the public interest, by those who are supposed to serve the public interest. On the other hand, it is difficult to measure the degree or the extent to which the elected officials are pursuing their self interest. Do they only pursue their self-interest or do they maintain some ratio or balance in order to remain in power and to appear not as bad as the other politicians? To answer this question, we relied upon a perception-type of survey and asked our respondents to choose on a scale from one to five (one means the officials mostly care about the public interest, and five means they only care about their self interest). We asked respondents to use this scale to measure the extent to which the elected officials (President, Senators, and Members of the National Assembly), the member of government, and the high ranking bureaucrats serve their self interest and the interest of the public. We included the high ranking bureaucrats for the purpose of comparison.

2. Hypothesis 2: Cultural theory

The *cultural theory approach* considers corruption, not as a deviant act or behavior but as something considered valid within the society (the rule

of the game). This means that the ruling entities are operating to perpetuate corruption because it serves their interests and helps maintain them in power with the complaisance of the people. Our second hypothesis (*HYP 2*) in this research is, “political corruption is caused by the cultural framework that allows it to thrive.” The cultural theory is based on the concept that because of the cultural aspects in the society, the government is operating on a perpetuating corrupt institutional framework that maintains the ruling elites on power. We discussed in the literature review about the how many authors have established that static culture, as opposed to progressive culture, is prone to corruption. We tested the Hofstede’s model on cultural dimension on an individual level. We designed our survey questionnaires accordingly by first looking at whether Madagascar has the characteristics of static culture or not. The questionnaire was designed based on works of many previous literature that use survey methods such as the Global Leadership and Organizational Behavior Effectiveness or GLOBE (2004) research program as well as Rinuastuti et al. (2014). The idea of bringing the usually country level approach of Hofstede’s theory on individual level is, however, is principally inspired by the work of Rinuastuti et al. (2014) and Yoo et al. (2011) who basically paved the way on how this can be done.

3. Solutions

Respondents were asked to rank the following four (4) solutions to corruption based on the likeliness of the solution to be effective in dealing with corruption. In the ranking 1 means least effective and 4 is the most effective. The objective is to compute the scores the respondents have attributed to each solution and compare their weighted values.

Solution 1: Legal obligation for elected officials to face their constituents periodically.

Solution 2: Transparency regarding the assets of elected and appointed

officials.

Solution 3: Punishment for any official who use his/her office to help relatives or friends

Solution 4: Complete reform of the political system

C. Survey and data collection method

1. Survey method

a) *Survey and corruption perception*

As already noted, this research is based on survey methods in testing the hypotheses. By definition, survey consists of “questioning individuals on a topic or topics and then describing their responses” (Jackson 2011: 17). The use of survey to study corruption is widely common for the simple reason that it is easier to test perception rather than the actual corruption. All the well-known international measure of corruption used internationally by anti-corruption organization rely to a great extent to corruption. There are some authors who question the accuracy and validity of perception-based research to measure actual corruption (Charron 2016; Johnston 2001). Of course, the ideal is to study the first hand observation or opinion of those who are/were involved in corruption act to know what pushed them to engage in corruption. Unfortunately, the ideal does not always go hand in hand with reality, because of the secret nature of corruption. The interest of those who engage in it lies in keeping their corrupt transaction secret (Andvig et al. 2000: 35). Due to the difficulty and even quasi-impossibility of measuring actual corruption by surveying direct participants in corrupt acts, researchers have settled on studying the perception. Several researches have shown that the perception is not very far from the reality (Ko and Samajdar 2010; Kaufmann et al. 2007).

b) Type of Survey

It is a cross-sectional type of survey (not longitudinal). According to the definition offered by Babbie (2010: 106 “A cross-sectional study involves observations of a sample, or cross section, of a population or phenomenon that are made at one point in time.” However, we will refer to other longitudinal survey done by the anti-corruption organizations who regularly conduct corruption perception surveys. questions asked in the survey are closed-ended as described by Babbie where the respondent is asked to select one or more of the provided answers (Babbie 2010:106). We chose the closed-ended questions, as opposed to the open-ended questions because “they provide a greater uniformity of responses and are more easily processed than open-ended ones.”

c) The target of the survey

Our population target was the people in Madagascar above 18-year-old of age, and who reside in the country. The survey questionnaire was in the local language of Madagascar. 200 survey questionnaires were randomly distributed in 6 different areas surrounding the capital city that included market places, university area, factories area and hospital area in order to have respondents from different social status, education attainment, occupation. We also made sure that the male and female were equally represented in survey by targeting equally male and female respondents. The survey questionnaires were distributed in 5 different areas surrounding the capital city (40 questionnaires in each).

2. Data collection and analysis method

The collected data from the survey was first recorded in excel

workbooks and then analyzed through statistical analysis software such as excel and SAS. We tested at the correlation between the dependent and independent variables to see whether the findings supported the hypothesis. We will see in the next chapter the result of the survey.

Chapter 5: Analysis and Interpretation of the Results

A. Demographics of the respondents

We distributed 200 survey questionnaires and 167 were fully answered. The return rate was then 83.5 percent.

1. Gender and Age Group

Out of the 167 people who answered the questionnaires 85 (51%) were male and 82 (49%) were female.

The age groups were divided as follow, 40 (24%) respondents were between 18 and 20, 57 (34%) were between the age of 20 and 30, 44 (26.4%) were between 30 and 40, 19 (11.4%) were between 40 and 50, and finally 7 (4%) were above the age of 50.

2. Education level, Income, Occupation

35 (21%) of the respondents had equal to or bellow elementary school education attainment, 45 (27%) finished middle school, 63 (38%) finished high school, 20 (12%) had bachelor degree, and 4(2%) had master degree.

123 (74.6%) had a monthly income below 100USD; 41 (24.5%) had income between 100 and 200 USD; 3 (2%) had income between 200 and 300 USD; Null had income between 300 and 400 US or above 400 USD.

The occupation of the respondents were as follow; 46 (27.5%) were students. 17 (10%) self-employed; 22 (13%) civil servants, 36 (21.5%) work in the agriculture and farming; 31 (18.5%) were company workers; 12 (7%) were unemployed and 3 (2%) selected others.

Table 1: Demographics of the respondents

		Frequency	Percent %
Gender	Male	85	50.90
	Female	82	49.10
Age	18-20	40	23.95
	20-30	57	34.13
	30-40	44	26.35
	40-50	19	11.38
	>50	7	4.19
Education	Elementary School	35	20.96
	Middle School	45	26.95
	High School	63	37.72
	University	20	11.98
	Graduate School	4	2.40
Income	<100USD	123	73.65
	100-200USD	41	24.55
	200-300USD	3	1.80
	>300USD	0	0
Occupation	Student	46	27.54
	Self-employed	17	10.18
	Civil Servant	22	13.17
	Agriculture	36	21.56
	Company Worker	31	18.56
	Others	3	1.80
	Unemployed	12	7.19

3. Corruption perception level

To first establish how our respondents view political corruption level, we asked them how they see political corruption and political leadership in Madagascar. 43 (26%) respondents say that political corruption in Madagascar is very high; 44 (26%) think it is moderately high. 44 respondents (26%) selected the “I do not know” option. 36 respondents (21%) believe that political corruption is quite low.

Table 2: Corruption Perception

Q1	Frequency	Percent	Cumulative Frequency	Cumulative Percent
No idea	44	26.35	44	26.35
Low	36	21.56	80	47.90
Moderate	44	26.35	124	74.25
Very High	43	25.75	167	100.00

There is a strong correlation between the political knowledge and the education level of the respondents. The higher the education level of the respondent, the more likely s/he is to get more correct answers.

Table 3: Parameter Estimates Education and Political Knowledge

Variable	Label	DF	Parameter Estimate	Standard Error	t Value	Pr > t
Intercept	Intercept	1	1.49969	0.19542	7.67	<.0001
EDUCATION	EDUCATION	1	0.16317	0.07284	2.24	0.0264

B. HYP 1: Principal-Agent Approach

As we have already discussed, Madagascar Constitution guarantees the right of its citizen to be informed of the work of the government. We decided to see how this right to be informed is applied in reality by asking our respondents to about the number of times their elected representatives report to the constituents on a yearly basis. Regarding the first indicator, 130 (78%) of our respondents said that their representatives do not report to them at all within a year, 25 (15%) selected once a year,10 (6%) selected twice a year, and 2 (1%) answered 3 times a year or more. Clearly, there is a big information problem as the people do not hear from their representatives

regarding the conduct of the state affair. This reduces significantly the possibility of the people to shape the policy that affects their lives.

Table 4: The number of times representatives report to the people (yearly)

Q15	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Zero	130	77.84	130	77.84
Once	25	14.97	155	92.81
Twice	10	5.99	165	98.80
Thrice or More	2	1.20	167	100.00

1. Information Asymmetry: Political knowledge of the respondents

a) *Setting*

Our first hypothesis is “Political corruption in Madagascar is caused by the information asymmetry that allows the political leaders to abuse their official position to serve their private interest at the expense of the public interest.” In the survey, we looked at how information asymmetry affects the attitude of our respondents regarding political corruption. For this hypothesis, we derived 4 null hypotheses to be tested. The first step was then to test the degree of information regarding government activities that the respondents had (the political knowledge of the respondents). Regression analysis was used to see how the respondents’ score on the political awareness, a clear indication of level of political information, affects his/her attitude regarding political corruption was also run. Our expectation was to find some strong characteristics that set the respondents who have better information regarding the government apart from his/her peers who do not have such capacity. The correlation test did not provide much indication that leads to that conclusion.

b) *Classifying the respondents based on political knowledge*

To categorize the respondents who have good political knowledge from those who have poor political knowledge, we asked the participants to answer a set of questions. 74% selected the correct answer related to the number of prime ministers that have worked under the current president (3). 61% selected the correct answer about the majority necessary in the National Assembly and the Senate to impeach the President (two-third). 74% selected the correct answer concerning the number of the members of the current government (33). Combined, 44 % of the respondents managed to get all of the three questions correct. 29% made one mistake; 18% made 2 mistakes and 8% got all the answer wrong.

INFO	Frequency	Percent	Cumulative Frequency	Cumulative Percent
0 Mistake	74	44.31	74	44.31
1 Mistake	49	29.34	123	73.65
2 Mistakes	30	17.96	153	91.62
3 Mistakes	14	8.38	167	100.00

2. Testing the null hypotheses H_0 1

Throughout these four null-hypotheses testing, our independent variable is the political knowledge.

a) *Perception of political corruption*

Null Hypothesis 1a: *There is no difference between those who have better information about government and those who do not in terms of corruption perception.*

Alternative Hypothesis 1a: *Those who have better information have higher*

corruption perception.

Dependent Variable 1a: corruption perception

Variable	Label	DF	Parameter Estimate	Standard Error	t Value	Pr > t
Intercept	Intercept	1	3.18388	0.14819	21.49	<.0001
Question1	Political Perception	1	-0.50883	0.05369	-9.48	<.0001

Conclusion 1a: $P < \alpha$, we **reject** the null hypothesis. There is a statistically significant effect of political knowledge (information asymmetry) on the political corruption perception. In other words, those who have better information regarding the government have higher perception of political corruption.

b) *Attitude regarding corruption*

Null Hypothesis 1b: *There is no difference between those who have better information about government and their attitude regarding the seriousness of the political corruption issue.*

Alternative Hypothesis 1b: *Those who have better information see political corruption to be a more serious issue (compared to other social issues).*

Dependent Variable 1b: Attitude toward the gravity of political corruption (compared to other social and political issues)

Conclusion 1b: $P > \alpha$, we **fail to reject** the null hypothesis. There is no statistically significant impact of political knowledge on the respondents' attitude regarding the gravity of political corruption, as compared to other social and political issues.

c) *Trust in Political leaders*

Null Hypothesis 1c: *There is no difference between those who have better information about government and those who do not in terms trust in government institution.*

Alternative Hypothesis 1c: *Those who have better information have less trust toward the political leaders.*

Dependent Variable 1c: Trust in political leaders

<i>Table 7: Parameter Estimates Trust in Political Leaders and Political Knowledge</i>						
Variable	Label	DF	Parameter Estimate	Standard Error	t Value	Pr > t
Intercept	Intercept	1	2.65923	0.17249	15.42	<.0001
Q3	Q3	1	-0.30022	0.06250	-4.80	<.0001

Conclusion 1c: $P < \alpha$, we **reject** the null hypothesis. There is a statistically significant effect of political knowledge and the trust in the political leaders. In other words, respondents who have better political knowledge have less trust in the political leaders.

d) *Attitude regarding the effectiveness of the rule of Law*

Null Hypothesis 1d: *There is no difference between those who have better information about government and those who do not in terms of their attitude regarding the rule of law in Madagascar.*

Alternative Hypothesis 1d: *Those who have better information are more skeptical in terms of the effectiveness of the rule of law in Madagascar.*

Dependent Variable 1d: Attitude regarding the rule of Law in Madagascar.

Conclusion 1d: $P > \alpha$, we **fail to reject** the null hypothesis. There is no statistically significant differences between those who have higher political knowledge and those who do not have in terms of their attitude regarding the

respect of the rule of the law in Madagascar.

3. Conclusion on HYP 1

The survey response indicates a mixed results regarding how the political knowledge affects the attitude of the respondents regarding political corruption in Madagascar based on their political knowledge. We saw that those who have better political knowledge (less information asymmetry) perceived political corruption to be more rampant and had less trust in the the political leaders.

The groups, however, were not significantly different when it comes to how they rank political corruption with other social and political issues that the country face. Similarly, the attitude regarding the rule of law in Madagascar was not significantly different amongst the groups.

C. HYP 2: Cultural Theory

1. Cultural dimensions of the participants

We tested three dimensions of culture such as uncertainty avoidance, power distance, and trust in public institution, to have a better understanding of the cultural background of the survey respondents (and also to see whether indeed Madagascar has a static culture).

a) *Power distance*

For the first cultural dimension, power distance, we used two questionnaire indicators. Both indicators were related to the relationship

between leaders and followers. We asked the respondents whether they agree or not with the statements. Statement one was “People in higher positions should make most decisions without consulting people in lower positions”. 35% Strongly disagree, 27 percent disagree, 20% agree, and 18% strongly agree.

The second statement was “People in lower positions should not disagree with decisions by people in higher positions.” 29% of the respondents strongly disagreed, 27.5 % disagreed, 18% agreed and 26% strongly agreed with the statement. This response indicates that most of our respondents do not hold a strong power distance cultural belief.

b) Collectivism

Hofstede, the author who first came up with the cultural dimension theory, believe that collectivism, as well as the other dimensions, is associated with static culture and many authors believe that this is more prone to corruption. To test this, we asked respondents whether they agree or disagree with two statements. For the first statement, 42% of the respondents (22% strongly) disagreed with the statement that “Individuals should sacrifice self-interest for the group.” 58% however (25% strongly) agreed.

For the second statement, 47% (22% strongly) of the respondents disagreed with the statement that “Group loyalty should be encouraged even if individual goals suffer” while 53% agreed (18% strongly).

Although a small majority of the respondents agreed with both statement, the difference in number between those who agree and disagree with these two statements are not significant.

c) Masculinity

The third cultural dimension tested was masculinity. We also asked respondents whether they agree or disagree with the statements presented. Static culture tends to have a strong tendency to value male more than female. In our survey response, 42% of the respondents (28% strongly) disagreed with the statement that “It is more important for men to have a professional career than it is for women.” 58% (33% strongly) agreed with the statement.

For the second indicator, 61% of the respondents (44% strongly) disagreed with the statement that “Solving difficult problems usually requires an active, forcible approach, which is typical of men.” 39 percent of the respondents agreed (23% strongly).

The cultural dimension of the respondents also indicate that they do not hold a strong masculinity tendency. However, the variable gender and age played a significant role in this as women strongly opposed to the statement while elder men strongly agreed.

Table 8: Cultural Dimension

		Strongly Disagree	Disagree	Agree	Strongly Agree
Power Distance 1	Frequency (N)	58	45	34	30
	Percent (%)	34.73	26.95	20.36	17.96
Power Distance 2	N	48	46	30	43
	%	28.74	27.54	17.96	25.75
Collectivism 1	N	37	34	54	42
	%	22.16	20.36	32.34	25.15
Collectivism 2	N	36	43	58	30
	%	21.56	25.75	34.73	17.96
Masculinity 1	N	47	23	42	55
	%	28.14	13.77	25.15	32.93
Masculinity 2	N	74	28	26	39
	%	44.31	16.77	15.57	23.35

1. Testing the null hypotheses H_0

Despite the result that failed to support a strong static cultural tendency of the respondents, we decided to see how the differences of cultural dimensions of the participants may or may not affect their attitude regarding corruption. To simplify the null hypothesis tests, getting a single data that represents all the answers regarding cultural dimension was necessary. To do so, we added the respondents' answers regarding the cultural dimensions and then divided them into 6 (the number of the questions) to get the mean. We rounded the obtained mean to nearest whole number. The maximum a respondent can get is four, which shows a high static cultural tendency. Despite the result that failed to support a strong static cultural tendency of the respondents, we decided to see how the differences of cultural dimensions of the participants may or may not affect their attitude regarding corruption. To simplify the null hypothesis tests, getting a single data that represents all the answers regarding cultural dimension was necessary. To do so, we added the respondents' answers regarding the cultural dimensions and then divided them into 6 (the number of the questions) to get the mean. We rounded the obtained mean to nearest whole number. The maximum a respondent can get is four, which shows a high static cultural tendency.

Throughout these four null-hypotheses testing, our independent variable is the cultural dimension.

Culture2	Frequency	Percent	Cumulative Frequency	Cumulative Percent
1	10	5.99	10	5.99
2	72	43.11	82	49.10
3	73	43.71	155	92.81
4	12	7.19	167	100.00

a) *Perception of Political corruption*

Null Hypothesis 2a: *There is no difference between those who have higher score in the static cultural dimensions and those who have lower score in terms of political corruption perception.*

Alternative Hypothesis 2a: *Those who have higher score have lower political corruption perception.*

Dependent Variable 2a: *Perception of political corruption*

Conclusion 2a: $P > \alpha$, we fail to reject the null hypothesis. The cultural dimension tendency of the respondents was not statistically significant to determine their perception of political corruption.

b) *Attitude regarding the seriousness of political corruption*

Null Hypothesis 2b: *There is no difference between those who have higher score in the static cultural dimensions and those who have lower score in terms of their attitude regarding the seriousness of political corruption as opposed to other social and political issues.*

Alternative Hypothesis 2b: *Those who have higher score have see political corruption as being less of a serious issue than other social and political issue.*

Dependent Variable 2b: *Attitude regarding the seriousness of political corruption*

Conclusion 2b: $P > \alpha$, we fail to reject the null hypothesis. The cultural dimension tendency of the respondents was not statistically significant to determine their attitude regarding the seriousness of political corruption compared to other issues.

c) *Trust in government institution and political leaders*

Null Hypothesis 2c: *There is no difference between those who have higher score in the static cultural dimensions and those who have lower score in terms of their trust in government institution and political leaders.*

Alternative Hypothesis 2c: *Those who have higher score have more trust in government and political leaders.*

Dependent Variable 2c: *Trust in political leaders*

Conclusion 2c: $P > \alpha$, we fail to reject the null hypothesis. The cultural dimension tendency of the respondents was not statistically significant to determine whether or not they are more likely to trust the political leaders.

d) *Belief in the respect of the rule of Law*

Null Hypothesis 2d: *There is no difference between those who have higher score in the static cultural dimensions and those who have lower score in terms of believing the existence of rule of law in Madagascar.*

Alternative Hypothesis 2d: *Those who have higher score have more sense belief that Madagascar is operating under an effective rule of law.*

Dependent Variable 2d: *Belief that the rule of law is respected in Madagascar*

Conclusion 2d: $P > \alpha$, we fail to reject the null hypothesis. The cultural dimension tendency of the respondents was not statistically significant to determine whether or not they believe Madagascar is governed by the rule of Law.

2. Conclusion on HYP2

The hypothesis 2 of our research was not supported by the survey result. First, the respondents were evenly divided between the static and

progressive culture, without falling massively in the two extremes. Second, the regression analysis conducted fail to establish any significant differences in the answer of those who have high static cultural tendency and those who have low static cultural tendency regarding their perception or opinion about political corruption. In other words, the cultural tendency of the respondents was not significant in determining his or her attitude toward political corruption.

D. Solutions

As we previously mentioned, respondents were asked to rank four (4) solutions to corruption based on the likeliness of the solution to be effective in dealing with corruption. In the ranking 1 means least effective and 4 is the most effective. The objective is to compute the scores the respondents have attributed to each solution and compare their weighted values.

Solution 1: Legal obligation for elected officials to face their constituents periodically

Solution 2: Transparency regarding the assets of elected and appointed officials.

Solution 3: Punishment for any official who use his/her office to help relatives or friends

Solution 4: Complete reform of the political system

As we can see, Solution 1 and Solution 2 are related to the principal-agent theory; and Solution 3 and 4 are related to the cultural and institutional theory. Here are the responses.

<i>Table 10: Solutions (aggregate values)</i>				
Label	Solution 1	Solution 2	Solution 3	Solution 4
Value	455	426	353	437

Although there is a slight preference toward the principal-agent approach related solutions, it is not very significant.

Chapter 6: Discussion and Conclusion

Madagascar is among the countries that fare quite badly in terms of the fight against corruption. Many reforms and policies were adopted to tackle this issue by several governments in Madagascar to no avail. Corruption seems to get more and more deep-rooted with each succeeding government. This research aimed at establishing which one of the two theories, the information asymmetry approach and the cultural theory toward corruption, is more adapted to analyze what causes this rampant corruption in Madagascar and, at the same time help find the most practical solution.

The survey finding is more supportive of the principal-agent approach than of the cultural theory. There are some statistically significant effects of the information asymmetry, measured by the political knowledge of the respondents, and their perception of political corruption as well as their trust toward the political leaders. The higher the political knowledge of the respondent, the more likely s/he will perceive political corruption to be higher than those who have lower political knowledge. This finding is not to be taken universally for the simple reason that political corruption in Madagascar is quite high, compared to other countries, according to other researches we have already referred to². In other words, if the country has lower political corruption rate, this finding may also change. The differences between the views of those who have better political knowledge and those who do not can be explained by the fact that political corruption, or grand corruption is mainly regarded as a complicated matter, the “big men’s”

² Refer to chapter 2 of this paper for more information

business. As we already saw, those who have higher political knowledge also have higher level of education.

This hypothesis however was not supported when we tested the relationship between political knowledge and the belief that Madagascar is governed by the rule of Law. Although, the rule of law is highly associated with lower political corruption, it is also applied to everyday life, and even bureaucratic corruption. This can explain why the relationship did not hold. Everyone can see that in the everyday life lawlessness is rampant, not only from public or government officials but also from unemployed youth, and other criminals who are taking advantage of the whole chaotic situation.

It is however difficult to explain why there is no statistically significant differences between the two groups in terms of comparing political corruption with other social or political issues.

As we already mentioned, the data did not support the cultural theory toward corruption in Madagascar. Because of the high corruption level, it is assumed that Madagascar has a static culture. However, the respondents were evenly distributed between the static and progressive culture. Also, very few respondents fell within the two extremes. The large majority of them were in between. Based on this data, it highly difficult to attribute the causes of corruption in Madagascar to the culture. If it is, then it might be from the other cultural dimensions we have not tested, although that is highly unlikely. The reason we chose those cultural dimensions, and not the others, is because of they seem to relate more to the situation in the country.

This low static cultural tendency found in the respondents were not the only reason why the survey data failed to support the cultural theory. As we saw, there was no statistically significance between the groups when it comes to all the dependent variables that we tested (Political corruption perception, attitude regarding the seriousness of political corruption

compared to other issues, trust in political leaders, and the belief that Madagascar is governed by the rules of Law). In all four dependent variables, we failed to reject the null hypothesis that the independent variable has no effect on the dependent variables.

Regarding the solutions, the respondents were highly divided in choosing what is the best solution or solutions for the problem. This is not very surprising, however, because even experts in corruption are also divided on the issue. This lack of conclusive findings regarding the solution to political corruption reminds us the fact that corruption is a complicated issue and that point should never be forgotten. Fortunately, as we saw, based on the survey response, that the main causes of corruption reside in the fact that the people lack access to clear information regarding the activities of the government, reducing this lack of transparency and information sharing is probably the first step that Madagascar needs toward solving its rampant political corruption.

The weakness of this research reside in the fact that the sample size used is not very large, compared to the population. This small sample size hinders us from being too confident about relying on the findings to make a significant conclusive statement.

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APPENDIX

QUESTIONNAIRE

1. gender (1) Male (2) Female
2. Age (1) 18-20 yrs (2) 20-30 yrs (3) 30-40yrs
(4) 40-50 yrs (5) 50 yrs and above
3. Education (1) El. School or under (2) Middle School (3) Highschool
(4) Bachelor (5) Master and plus
4. Monthly income
(1) Less than 100 usd, (2) 100-200 usd (3) 200-300 usd
(4) 300-400 usd (5) 400-500 usd (6) < 500usd
5. Occupation
Student (1) Self-employed (2) Civil servant (3)
Agriculture (4) Company worker (5)
Others (6) Unemployed (7)

Please select the most appropriate answer

- Q1 How do you see the level of political corruption in Madagascar?
Don't know(1) Low(2) Moderate(3)
Very high (4)
- Q2 How often does the elected representative in your district report to the people in a year?
zero (1) one (2) two (3) more (4)
- Q3 How many prime ministers have we had under this current president?
one (1) two (2) three (3) four (4)
- Q4 What majority is required for the National Assembly and the Senate to impeach the president? Half (1) two-third (2) three quarter (3)all (4)
- Q5 How many members does the Government have?
fifty-one (1) forty-one (2) thirty-one (3) twenty-one (4)

Please indicate whether you agree or disagree with the following statements with Strongly Disagree (1), Disagree (2), Agree (3), Strongly Agree (4)

- Q6 Political corruption is the single most serious issue in Madagascar.
- Q7 Political leadership in Madagascar is controlled by a network of corrupt individuals
- Q8 Everyone is treated equally under the Law in Madagascar.

Q9 I am satisfied with the level of transparency of government in Madagascar.

Q10 People in higher positions should make most decisions without consulting people in lower positions.

Q11 People in lower positions should not disagree with decisions by people in higher positions.

Q12 Individuals should sacrifice self-interest for the group.

Q13 Group loyalty should be encouraged even if individual goals suffer.

Q14 It is more important for men to have a professional career than it is for women.

Q15 Solving difficult problems usually requires an active, forcible approach, which is typical of men.

Please rank the following statement based on their effectiveness to solve political corruption (From 1 to 4 where 1 being the least effective and 4 being the most effective).

Q16 Legal obligation for elected officials to face their constituents periodically.

Q17 Transparency regarding the assets of elected and appointed officials.

Q18 Punishment for any official who use his/her office to help relatives or friends

Q19 Complete reform of the political system

Abstract

Understanding the Causes of and the Solutions to Political Corruption In Madagascar: Information Asymmetry, Culture and Perception of Corruption

마다가스카의 정치 부패 원인 분석과 문제 해결에 대한 탐구

By RANDRIANTARIKA P. Adellin

**Department of Public Administration, Public Policy
Seoul National University**

부패에 관한 문헌은 부패를 정의하거나 그 영향을 예측하고 해결책을 제시하는 데 있어 부패를 정의하는 데 있어 상이한 접근법을 많이 존재한다. 이 연구는 마다가스카르의 정치적 부패의 주요 원인이 무엇인지 파악하는 것을 목표로 하고 있으며, 과거 시도된 부패 개혁이 효과가 없었던 이유가 무엇이며 과연 그 해결책을 찾는 것을 목표로 하고 있다. 정치적 부패에 관한 문헌에 따라 조사한 결과, 이 연구는 주인-대리인 이론과 문화 이론이라는 두 가지 주요 이론을 중심으로 진행하였다. 이 논문의 가설은 그 두 가지 주요 이론에서 도출되었다. 이 연구는 마다가스카르의 수도 안타나나리보를 둘러싼 인근 지역에 거주하고 있는 무작위로 선정된 167 명의 마다가스카르인에 대한 조사를 바탕으로 진행되었다. 그들의 응답은 정치적 부패의 원인에 대한 이론과 마다가스카르의 정치적 부패의 원인을 연관 짓는데 큰 도움을 주었다. 이

조사 자료는 정치적 부패에 대한 인식과 정보 비대칭성을 지닌 정치 지도자들의 신뢰도 사이의 강한 상관 관계를 보여 주었다.

이 강한 상관 관계는 정치적 지식을 많이 가진 사람들이 그렇지 않은 사람들에 비해 정치의 부패에 대한 관심을 더 많이 가지며, 따라서 정치적 지식이 정치적 부패에 큰 영향을 미칠 수 있다는 이론을 뒷받침한다. 그러나 정치적 부패의 심각성과 정치적 부패에 대한 응답자들의 태도와 마다가스카가 법치주의에 지배된다는 믿음 사이에는 통계적으로 유의미한 관계는 없었다. 우리는 이것에 대한 몇 가지 가능한 설명을 제공하려고 시도했다. 조사 결과는 문화적 이론을 뒷받침하지 못했다. 이 발견은 마다가스카가 강력한 정적 문화를 가지고 있지 않다는 것을 보여 주었다. 또한 정치적 부패와 정치적 부패에 관한 그들의 태도나 의견에 기대어 진보적 문화에 의지하는 사람들 사이에 통계적으로 유의한 차이는 없었다.

응답자들은 그 설문 조사의 부패에 대한 해결책들 사이에 고르게 나뉘어져 있었다. 따라서, 그 해결책에 대한 조사 결과는 결정적인 발언에 대한 강력한 통계적 증거를 산출하지 못했다. 그러나, 정보에 대한 접근이 부정 부패와의 전쟁에 크게 방해가 되지 않고 그에 따라 해결되어야 한다는 것은 분명하다.