Using institutional multiplicity to address corruption as a collective action problem: Lessons from the Brazilian case

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ABSTRACT

The academic literature has traditionally framed corruption as a principal-agent problem, but recently scholars have suggested that the phenomenon may be more accurately described as a collective action problem, especially in cases of systemic and widespread corruption. While framing corruption as a collective action problem has proven useful from a descriptive point of view, it has not offered many helpful suggestions for policy reforms. This paper tries to address this gap by suggesting that "institutional multiplicity" (a concept used other areas of research but not in the corruption literature) could be a feasible reform strategy to deal with corruption as a collective action problem. The paper distinguishes between proactive and reactive institutional multiplicity, and argues that the latter's creation of separate institutions could potentially reduce the costs for those who are inclined to engage in principled behavior to deviate from the standard corrupt behavior that prevails in society. This allows for incremental, but potentially very transformative change. Also, institutional multiplicity allows for the creation of new institutions without dismantling the existing ones. It is therefore less likely to face political resistance from interests who benefit from the status quo. We provide some anecdotal evidence to support this claim by analyzing Brazil's recent surge of anti-corruption efforts which could be, at least in part, attributable to the existence of institutional multiplicity in the country's accountability system. In addition to offering a hypothesis to interpret recent experiences with combating corruption in Brazil, the paper also has broader implications: if the hypothesis proves correct, institutional multiplicity could help reformers in other countries where corruption is systemic.

1. Introduction

Initiatives to combat corruption have generally focused on individuals, changing their roles, decisions, or incentives. Most anti-corruption programs follow the theoretical frameworks embraced by conventional criminal deterrence and punishment regimes which seek to prevent and redress the societal harms caused by criminal activity by targeting the conduct of individual actors; specifically, drawing on the rational actor and principal-agent models of decision-making, tactics generally focus on raising the costs of misconduct while reducing opportunities for individuals to engage in such illicit activities (Becker, 1962; Cooter & Ulen, 2012; Garoupa, 2003).

In contrast, a growing body of literature conceptualizes corruption as a collective action problem (Mungiu-Pippidi, 2011; Persson, Rothstein, & Teorell, 2013; Sánchez, 2015). As such, an individual may rationally choose to engage in corrupt behavior in a context in which a significant number of other individuals are also acting corruptly. While this literature has shed a great deal of light on the phenomenon, especially in contexts where corruption is systemic, it has been largely underdeveloped with regard to strategies to combat corruption effectively. In an attempt to fill in this gap, this article suggests that institutional multiplicity in an accountability system may be an effective strategy to address corruption as a collective action problem.

Section 1 of the article begins by presenting the dominant theoretical lens through which corruption has conventionally been viewed, the principal-agent model, and examines its limitations. Section 2 introduces more recent literature suggesting that the collective action model may provide a more accurate explanation for the ways in which corruption arises and persists within

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Table 1
Examples of principal-agent relationships.

Principal	Agent
Electorate	Elected officials
Elected officials	High-ranking bureaucrats
High-ranking bureaucrats	Low-ranking bureaucrats, subordinates
Corporate shareholders	Corporate directors, executives
Corporate directors	Corporate managers
Corporate managers	Subordinate employees

Compiled by the authors.

organizations and societies and reviews the (limited) scholarship on the performance of anti-corruption projects and policies oriented around that approach. Section 3 imports the concept of institutional multiplicity from other areas of research, and suggests it could serve as a mechanism to combat corruption as it addresses both the collective and the individual factors that may encourage (or, at least do not prevent) individuals to act corruptly. Section 4 focuses on recent developments in Brazil's anti-corruption efforts to illustrate the potential effectiveness of institutional multiplicity in battling this pernicious phenomenon, while Section 5 concludes.

2. Corruption as a principal-agent problem

For decades, the principal-agent (P-A) model has provided the theoretical basis for much of the research on corruption, and has informed the design and implementation of most contemporary anti-corruption initiatives (Andvig & Fjeldstad, 2001; Lawson, 2009; Rothstein, 2011). In a 2011 meta-analysis of 115 studies examining corruption's impacts on economic growth, Ugur and Dasgupta found that every study "adhered to an explicitly stated principal-agent approach to corruption" or was "closely related to that approach" (2011: 43).

2.1. The principal-agent model of corruption

As described in the broader economics and political science literature, a principal-agent problem arises when a Principal (P) requires the services of an Agent (A) but lacks the information necessary to oversee A's performance effectively. Closely associated with the work of Rose-Ackerman (1978) and Klitgaard (1988), the P-A model explains corruption as the result when P is unable to monitor A adequately, and A exploits that information asymmetry to betray P's interests in pursuit of her[1] own (Andvig & Fjeldstad, 2001; DFID, 2015). For example, in a situation involving the embezzlement of public funds by an elected official, the official would represent the corrupt A while the citizenry would be the wronged and poorly informed P. Table 1 provides examples of other possible P-A relationships:

However, the P-A model of corruption is based on several core assumptions that may not hold true across a variety of contexts. First, the framework assumes a divergence in the motivations and objectives of P and A, namely that P is a "principled," benevolent principal while A is a self-interested agent (Klitgaard, 1988). Given the common definition of corruption as the "misuse of entrusted power for private benefit" (OECD, 2008; Transparency International, 2015), in situations in which corruption has occurred, the inference that some actor (such as an A) has abused her position to self-interested ends may generally go unchallenged, but the assumption that P is principled deserves further scrutiny. Particularly in environments in which corruption has become endemic, there may be a notable lack of such benevolent principals (Booth &

Cammack, 2013; Persson et al., 2013). For instance, in government bureaucracies dominated by patronage networks, political elites who are able to derive rents from the corrupt behaviors of their subordinates may face weak incentives to expose or punish the misconduct of those underlings and may in fact actively endeavor to maintain and protect corrupted systems (Johnston, 2005).

Second and relatedly, the supposition that Ps would hold As accountable if only they possessed adequate information about those agents' activities has not been supported consistently by empirical or anecdotal evidence. For example, the P-A framework would expect the citizenry in a democracy to vote out of office politicians whose corrupt behaviors have been publicly exposed. In reality, however, "there are numerous examples of how voters fail to replace their corrupt politicians and, in some countries, this seems to be the rule rather than the exception," particularly in countries characterized by weak or clientelistic democratic systems (Søreide, 2014: 38). Policy or political concerns beyond corruption (Manzetti & Wilson, 2006; Rundquist, Strom, & Peters, 1977), a lack of non-corrupt alternatives (Caselli & Morelli, 2004; Kurer, 2001; Messner & Polborn, 2004), or even the rules and the structure of the electoral system itself (Kunicova & Rose-Ackerman, 2005; Myerson, 1993; Persson, Tabellini, & Trebbi, 2003) may explain this seemingly irrational reluctance of voters to punish corrupt officials at the ballot box.

Finally, even if P-A theory accurately describes the way corruption functions in a given environment–i.e., Ps are principled and would hold corrupt As accountable if possessed of adequate knowledge–the problem of information asymmetries and the imbalances of power they create persist. Even if systems could be designed to heighten the ability of Ps to monitor and oversee the behaviors of their As, that information will never be perfect due to recognized human cognitive limitations related to the gathering, processing, and retaining of information (Bobonis, Cámara Fuertes, & Schwabe, 2015; Jolls, Sunstein, & Thaler, 1998; Simon, 1955).

2.2. The limitations of conventional anti-corruption initiatives

Reflecting the dominance of the P-A model in corruption scholarship, conventional anti-corruption reforms have typically focused on changing the incentives facing potentially corrupt actors and better aligning the interests of agents with their principals. Such policies and interventions often include creating or strengthening mechanisms that allow Ps to monitor and sanction their As, increasing overall organizational transparency, and reducing the level of discretion exercised by low-level bureaucrats and employees (Andvig & Fjeldstad, 2001; Marquette & Peiffer, 2015; UNDP, 2004).

While the growing prominence of corruption on the global development agenda over the past few decades has resulted in the widespread adoption of such reform strategies in countries around the world, to date, evidence on the impact and success of these initiatives has been notably underwhelming (Doig, Watt, & Williams, 2007; Fjeldstad & Isaksen, 2008; Mungiu-Pippidi, 2011). In fact, meta-analyses of studies on various anti-corruption initiatives indicate that the evidence of their efficacy is generally weak or, at best, fair, with medium-to-strong evidence of effectiveness found only with public financial management reforms, such as public expenditure tracking systems (PETS) (DFID, 2015: 84; Johnson, Taxell, & Zaum, 2012: 41).

The disappointing results of anti-corruption initiatives based on the incentive-oriented P-A approach appear, in some cases, attributable to the framework's often-inaccurate assumptions, described in the previous section. For instance, in many countries, there may be a dearth of principled stakeholders willing to implement and enforce effective disclosure, monitoring, investigating, and sanctioning policies and laws (Amundsen, 2006;

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[1] For the sake of consistency, throughout this article we use feminine pronouns, but all such references should be considered effectively gender-neutral.

Booth & Cammack, 2013; Persson et al., 2013). While political leaders may publicly endorse reforms, the true political will to combat corruption in many countries is partial, non-existent, or inconsistent (Hatchard, 2014: 28–33; Williams & Doig, 2007). Even more troubling, in some countries, anti-corruption policies and programs have been used to eliminate or discourage political or economic rivals, consolidate and maintain existing systems of power and patronage, and perpetuate corruption, especially at the elite or "grand" levels (Huther & Anwar, 2000; Lawson, 2009).

Although some individuals may actively work against reforms, a more pervasive challenge appears to be the general passivity of leaders and citizens in many thoroughly corrupt countries to take action to change the existing systems and dynamics. For example, while public protests against abusive and dishonest governments have raged in countries across the globe in recent years, survey data indicates that, in the course of their daily lives, many individuals are complicit in maintaining and perpetuating corruption in their countries (Persson et al., 2013; Smith, 2008). In a 2013 poll of citizens from 107 countries, a third of respondents admitted that they had paid a bribe to a public official, while over 30% declared that they would be unwilling to report an incident of corruption to authorities, civil society, or the media (Transparency International, 2013). The demonstrated willingness of voters in many countries to reelect politicians who have been implicated publicly in corruption scandals further confirms that transparency initiatives that merely increase the amount of information Ps have about the activities of their As may be insufficient to change the actual behaviors of the stakeholders involved (Rundquist et al., 1977).

While this section surveyed the theoretical and empirical limitations of the principal-agent approaches to corruption, it does not conclude that the theory and the initiatives it has informed should be abandoned summarily. In reality, corruption often manifests as both a principal-agent and, as we discuss in the next section, as a collective action problem. Thus, each framework may provide useful and actionable insights into how the phenomenon arises and endures within a given environment. As such, "the question is not about choosing one or the other conceptual interpretations of corruption, but rather about identifying the contexts/settings where each of these perspectives is likely to be analytically most useful in relation to exploring corruption" (DFID, 2015: 14, citing Marquette & Peiffer, 2014).

3. Corruption as a collective action problem

3.1. The collective action approach to corruption

Given the limitations of the P-A model and its imperfect assumptions regarding the incentives and motives (and ultimate behaviors) of relevant stakeholders, an emerging body of scholarship has advocated for a shift in the way in which we conceptualize corruption and explain its emergence and persistence within and across societies. This literature argues that, especially in thoroughly corrupt environments, corruption more closely resembles a collective action problem rather than a principal-agent problem (Mungiu-Pippidi, 2011; Persson et al., 2013; Sánchez, 2015).

A collective action problem arises in a group setting when a strategy that is individually rational produces an outcome that is collectively inferior; for example, while society as a whole would be better off if everyone cooperated by behaving honestly, an individual may benefit personally by defecting and engaging in corruption.

While in some situations, such as "prisoners' dilemma" or "free rider" settings, the optimal individual strategy will always be to defect rather than cooperate, in others, the ways in which stakeholders seek to maximize their individual interests are based on shared expectations about the behaviors of others (Medina, 2007;

Ostrom, 1998). Corruption often emerges as a collective action problem of this latter type, and the perceived prevalence of corruption within a given environment can have a deterministic effect on individuals' decisions concerning their own behavior. Specifically, if you expect others in your community to be corrupt, you will be incentivized to act corruptly because the individual costs of engaging in principled behaviors outweigh the individual benefits. Even an individual who would prefer to act honestly may see no other choice but to behave corruptly when operating in a thoroughly corrupt environment; under such conditions, the costs of principled behaviors can include ostracism, ridicule, stigmatization, or retribution (e.g., loss of employment or even life) by or at the behest of other members of the community.

Furthermore, while the costs of refraining from corrupt practices in systemically corrupt settings may be high, the benefits are likely to be low, especially if those dissenters lack sufficient numbers or influence to create meaningful, systemic change through their honest behaviors (Rothstein, 2011: 99). Confronted by such disincentives, even intrinsically honest individuals are likely to be deterred from deviating from the dominant–and corrupt–institutional *modus operandi* (Booth, 2012; DFID, 2015). The collective action approach thus helps to explain how societies can become trapped in sub-optimal, self-reinforcing equilibria in which individuals engage in corruption because they expect everyone else to be corrupt, behaviors which then further fuel those negative collective expectations (Bardhan, 1997). Significantly, these patterns of beliefs and behaviors can hold even in situations in which a vast majority of people condemns corruption and realizes that a less-corrupt outcome would be better for society at large (Persson et al., 2013).

Moreover, even in settings in which all parties would benefit from the establishment of rules or institutions that would shift the society to a less corrupt equilibria, participants are likely to disagree on the form and content of such reforms. As such, the introduction of anti-corruption initiatives can present a "second order" collective action dilemma (Ostrom, 1998; Rothstein, 2011). The collective action framework thus helps to elucidate why so many countries have struggled to establish and maintain strong, legitimate accountability institutions–"constructing such institutions is in itself a problem of collective action that is not likely to be solved within a society dominated by corrupt agents" (Rothstein, 2011: 105). These "second order" collective action problems also reveal how rules and initiatives aimed at altering the dynamics of the system could be manipulated. For instance, political elites (including traditional principals such as elected officials, high-level bureaucrats, and supervisors) often stand to gain the most from rents associated with corruption and thus have minimal incentives to change the system. Thus, when confronted with potentially promising reform strategies those stakeholders may actively and persuasively mobilize against them.

3.2. Incorporating the collective action framework into anti-corruption programming

While the collective action framework helps to explain why so few of the anti-corruption initiatives based on the P-A model have proven successful, to date, the literature on how the collective action approach can and should be incorporated into the design and implementation of more effective reforms to combat corruption has been limited. The framework does suggest that anti-corruption initiatives should focus on changing informal rules and norms. People will be unlikely to embrace reform, so long as they believe that the fundamental character of their society ("the rules of the game") remains unchanged. Thus, in order to shift a highly corrupt society to a lower-corruption equilibrium, formal monitoring and sanctioning mechanisms must be complemented by initiatives that

help to build expectations among the citizenry and leadership that values such as trust, reciprocity, honesty, and accountability are collectively shared and supported (Ostrom, 1990, 1998; Persson et al., 2013; Uslaner, 2008).

However, the challenges involved in intentionally and purposefully changing informal rules and norms are well-documented (Licht, Goldschmidt, & Schwartz, 2007; North, 2005). Anecdotal evidence from the few countries that have managed to transition from high levels of corruption to less corrupt systems (e.g., Hong Kong, Singapore) suggests that one potentially promising strategy may lie in finding or cultivating leaders willing to fight corruption through their own honest action, not mere rhetoric (Recantini, 2011; Rothstein, 2011: 204). However, the recognition that meaningful cultural change can, in some cases, be effected from above provides no guidance on how to encourage leaders to take such steadfast and personal stands against corruption in their societies. Moreover, absent the support of the broader, decentralized sets of agents to implement and facilitate their reforms, individual elite "champions" may be unable to achieve such profound institutional or normative changes (Andrews, 2013).

The collective action framework also recognizes that shifts in the informal rules and norms related to corruption may require broad, all-encompassing reforms rather than small, piecemeal initiatives (Sánchez, 2015). Citing the historical experiences of Sweden, Denmark, and the United States, for instance, Rothstein (2011) argues that minor reforms are unlikely to foment the radical change in expectations that may be required to move a society from a culture of particularism and patronage to one of universalism and impartiality. Instead, he advocates for an "indirect 'big bang' approach" to institutional change in order to move a country to and beyond a critical "tipping point" where a lower corruption equilibrium can be reached and sustained (Ibid: 118–119). However, while such radical overhauls may be desirable in theory, in reality self-reinforcing mechanisms generally frustrate major changes by generating significant stakeholder resistance and increasing switching costs that "lock in" institutional arrangements. Due to path dependence, large-scale, comprehensive approaches are unlikely to be feasible during normal times and may only arise as realistic options for reformers during rare and unpredictable periods known as "critical junctures" (Pierson, 2000; Prado & Trebilcock, 2009).

Given the high risks and costs facing "first movers" who oppose corruption in the face of both entrenched, corrupt interests and popular apathy or complicity, reform coalitions have been endorsed as a promising change strategy (Chene, 2010; Johnston & Kpundeh, 2004: 3–4; Klitgaard & Baser, 1998). Reform coalitions typically bring together diverse constituencies of often-elite actors within and outside of the state in order to take coordinated, multi-faceted actions to advance shared objectives, such as controlling corruption (Marquette & Peiffer, 2015). While coalitions may prove useful in rapidly launching visible, credible reform movements and mobilizing resources, it is not clear that they are immune from the problems of finding "leaders and champions", which are often essential in early stages of the coalition building process (Johnston & Kpundeh, 2004: 15–16). Moreover, endurance of such coordinated groups may prove challenging, especially when the constituencies best-positioned to support anti-corruption initiatives are geographically dispersed or represent dissimilar or even clashing political, economic, or social identities as illustrated by the cases of Ghana's Anti-Corruption Coalition, and the Bangalore Agenda Task Force in the Karnataka State in India (Johnston & Kpundeh, 2004).

Collective action and path dependence theories also help to explain the staunch resistance reforms aimed at improving the performance of existing anti-corruption authorities (ACAs) often

encounter. Reforms that affect the authority, resources, structure, or other characteristics of an ACA are not enacted on an institutional *tabula rasa*, and while the benefits of such changes may be broad and dispersed, the interests that they arguably threaten, such as the current organizational leadership or external parties who benefit from sub-optimal corruption regulation, are likely to be concentrated and intense.

In conclusion, while the collective action approach offers valuable insights into how societal factors affect individuals' decisions and behaviors as well as why conventional anti-corruption reforms have achieved such unimpressive performance records, the policy recommendations based on that framework are generally vague and often unfeasible.

4. Institutional multiplicity – a promising approach to addressing corruption as a collective action problem

4.1. Defining institutional multiplicity

Institutional multiplicity is a concept that has long been used in organizational theory to explore the existence of more than one institutional arrangement or option, within a certain institutional field (Scott, 1994). In this literature, the concept has often been associated with arrangements that may facilitated change of individuals' choices, behaviors, and even further institutional change (Clemens & Cook, 1999: 446; Seo & Creed, 2002).

However, there is no certainty about how these multiple institutions will interact with each other (Weijer, 2013). In global governance, for example, institutional multiplicity has generated a fierce debate about whether the proliferation of international institutions has generated productive overlap and positive competition or whether it solely the cause of costly conflict and wasteful duplication of functions (Ivanova & Roy, 2007). In the case of failed states institutional multiplicity operates as an obstacle to state building efforts, as it creates "a situation in which different sets of rules of the game, often contradictory, coexist in the same territory, putting citizens and economic agents in complex, often unsolvable, situations, but at the same time offering them the possibility of switching strategically from one institutional universe to another." (Di John, 2008: 33–34).

Only recently institutional multiplicity has been proposed as a useful concept for the literature on corruption (Prado & Carson, 2016; Prado, Carson, & Correa, 2016). The accountability process involves three core stages: (1) oversight/monitoring to identify potential corruption, (2) investigation of suspected corruption, and (3) punishment in cases where there is sufficient evidence that corruption has occurred (Power & Taylor, 2011). In this context, institutional multiplicity describes any diversification of institutions performing one particular function, such as the simultaneous existence of multiple forms of punishment and different sanctions that reinforce each other. For example, in cases involving political corruption, offenders may face a series of overlapping penalties, including electoral sanctions from the public at the ballot box, political sanctions such as censure or administrative removal from office, and reputational damage from negative media coverage, in addition to formal legal sanctions, such as criminal or civil judgments. The assumption is that the overlap of institutional functions can enhance the overall effectiveness of the "web" of accountability institutions by avoiding self-reinforcing mechanisms or corrupt institutional cultures. While there is not guarantee of a particular outcome, multiplicity may help combat corruption by fostering institutional competition, collaboration, complementarity, and compensation (Prado & Carson, 2016).

An example of institutional multiplicity can be found in Brazil's Clean Company Act (Law n. 12,846/13[2]), enacted in August 2013 and in force since January 2014. The Act establishes, for the first time, corporate liability for corruption and other "acts committed against the domestic or foreign public administration" (Art. 1), and it creates a parallel system of accountability processes that may culminate in administrative sanctions for legal entities that are different from and independent of sanctions imposed by courts (Prado, Carson, & Correa, 2016). The potential administrative penalties for violations of the Clean Company Act include fines ranging from 0.1% to 20% of the violating firm's gross revenues (Art. 6) as well as publication of the sanctioning decision. In contrast, the civil penalties that the judiciary may impose include disgorgement of the benefits sought or obtained by the illegal act, suspension or partial interruption of the company's activities, exclusion from government funding and assistance (e.g., subsidies, grants, loans, donations) for one to five years, and, in extreme cases, dissolution of the legal entity (Art. 19). Thus, the administrative penalties provided under the Act coexist with civil or other judicially imposed sanctions creating institutional multiplicity in punishment for corruption in Brazil.

While the application of this concept to the analysis of anticorruption measures has been proposed in the literature, the mechanisms that allow institutional multiplicity to be an effective tool in the fight against corruption have not been articulated yet.

4.2. Institutional multiplicity as a strategy to address collective action problems

As described in section 2, the collective action framework indicates that one of the core challenges in fighting corruption is overcoming the second order collective action problem, i.e. the fact that those in positions of power who benefit from the status quo generally have little to no incentive to change the rules of the game and may even actively undercut such reforms. The concept of institutional multiplicity offers a possible strategy for overtaking these entrenched barriers to institutional change because it does not rely on outright and abrupt institutional displacement–the replacement of one institution by a new one. In the short term, institutional multiplicity leave intact existing institutions and merely provide alternative paths for achieving the same or similar objectives.

While it may avoid generating intense political resistance from stakeholders invested in existing institutions, institutional multiplicity does rely on a core assumption, namely that there exists at least one individual in the society who is interested in curtailing corruption and able to change the rules of the game. It is unclear where such actors may be found or how they can be produced, but, unlike the "champion"-oriented anti-corruption model, potential reformers are not limited to very prominent leaders or other particularly influential and powerful elites. Rather, institutional multiplicity offers a mechanism through which any reform-oriented individual who is capable of affecting the content, administration, or enforcement of existing rules, at any level, may escape her present institutional environment for one more receptive to reform. Thus, the framework does not depend on the ability of this individual to convince others, effect significant social change, or influence large groups, as required by most mechanisms suggested by the collective action framework. Moreover, while relying on the existence of such an actor, institutional multiplicity does not

assume anything about her motivations. Whether benevolent or self-interested, the actor must simply be willing to work for change.

Institutional multiplicity avoids many of the challenges that face other policy recommendations informed by the collective action framework. First, it tackles that issue of formal and informal rules and norms. While institutional multiplicity itself represents a formal structural change, the creation or existence of alternative institutional paths can also generate external contradictions that in turn destabilize existing regularities of action. Thus, it may lead to meaningful changes in collective expectations. For example, the accepted behavioral regularities observed in one institution may be challenged by contradictory behavioral patterns observed within another institution (Clemens & Cook, 1999: 446; Seo & Creed, 2002; Zilber, 2011).

Second, institutional multiplicity requires neither a big bang approach nor "key" (but unspecified) small changes. Indeed, institutional multiplicity may be created by a variety of circumstances. In some cases, multiplicity is generated unintentionally as a result of processes of variability among independent systems, nesting of subordinated (but yet somewhat autonomous) systems within higher orders, or residue for institutions that have been eliminated but left an imprint in the system (Zilber, 2011:1540). In other cases, the creation of multiplicity may be intentional, as reformers may want to explore the possibility of establishing competing institutional jurisdictions. In any of these cases, the sheer presence of multiple institutional referents "enlarges the toolbox from which reformers can draw in crafting new solutions, facilitating deeper change" (Andrews, 2013: 182, citing Ostrom, 2008). Institutional multiplicity also allows reformers to observe these multiple options in action to assess their relative effectiveness.

Third, institutional multiplicity can help anti-corruption reforms coalitions to coalesce and unify. While champions and supporters of anti-corruption policies may be initially dispersed across branches and levels of government, the creation of new institutions allows proponents of change to identify allies and also facilitates their organization into alliances that can mobilize for further reforms.

In sum, institutional multiplicity not only addresses corruption's second order collective action problem but also avoids many of the shortcomings that characterize existing reform proposals based on the collective action framework.

4.3. Types of institutional multiplicity

Institutional multiplicity can combat corruption by limiting opportunities for corruption (proactive institutional multiplicity) or by increasing the likelihood of catching and sanctioning corrupt behavior (reactive institutional multiplicity).

Examples of proactive institutional multiplicity to reduce opportunities for corruption include the elimination of monopolies in the provision of services. For example, Rose-Ackerman (1978) has argued that multiple officials should be granted the authority to issue a given license or provide another service so that a private party who is solicited for a bribe by one agent can simply turn to another to secure the service honestly. While intuitively compelling, this strategy assumes that public officials are corrupt while those who demand government services are principled. However, if the assumptions are reversed, institutional competition can actually create more opportunities for corruption: if I want to obtain a license for which I am not qualified, having multiple officials to approach with a bribe, rather than one, may increase the chance that I will be successful in my dishonest endeavor (Bardhan, 1997).

Institutional multiplicity is also subject to several other qualifications. First, there is a risk of unintended consequences: while competing jurisdictions may decrease bribes, it can increase the amount of total theft from the government (Shleifer & Vishny,

1993). Second, the implementation of an effective system of institutional multiplicity depends on the possibility of establishing competing jurisdictions, which may not be possible due to limited resources or depending on the type of service delivered. Third, if institutional multiplicity merely facilitates shirking by one or more employees or agencies instead of creating incentives for improved performance, it will be ineffective in helping to curtail corruption and may simply waste resources (Bardhan, 1997).

Institutional multiplicity as a reactive tool for combatting corruption, in turn, involves generating alternative avenues through which authorities may monitor, investigate, and punish corruption. The ability of multiple institutions to monitor, investigate, and pursue administrative, civil, and criminal charges based on suspicions or detected irregularities increases the likelihood that those engaged in corruption will be held accountable.

5. Brazil: a case study of reactive institutional multiplicity

Brazil offers an interesting example of systemic corruption as a collective action problem. There are high levels of social distrust in the country, and strong perceptions that elites are corrupt (Carson & Prado, 2014). Many of the most notorious corruption scandals in Brazil over the past few decades have involved top-level officials or other politicians using public funds to shore up political support (Cardoso's vote-buying scandal, Mensalão, Petrobrás) and/or receiving illegal payments from the private sector or citizens in exchange for favorable treatment (Collorgate, Budget Dwarves, Operation Anaconda, Operation Bloodsuckers, Petrobrás) (Ibid.). In the former category of cases, existing (and prospective) political leaders have an interest in maintaining the status quo, while in the latter, both bribe-taking officials and bribe-paying private businesses and individuals are incentivized to resist change. These numerous scandals not only confirm the popular perception that corruption is endemic at the top levels of the country's business sector and political system, but also reinforce the collective expectation that efforts against corruption will not succeed and that individuals and companies, especially those in positions of power, will continue to engage in corrupt activities with impunity.

Details from two of the most recent scandal reveal how these negative feedback loops between elite behaviors and collective expectations have entrenched corruption in Brazil. While observers might have expected members of the opposition PSDB to call for officials from the governing party (*Partido dos Trabalhadores*, PT) to be held politically and legally accountable for their corrupt behaviors in the Mensalão ("big monthly stipend") scandal (Michener, 2012; The Economist, 2013), the involvement of their own PSDB colleagues in a similar scheme ("*mensalão mineiro*") vastly reduced their incentives to combat wrongdoing and may even have unexpectedly aligned the interests of the two parties to moderate their condemnation of and public outcry against the elected and party officials allegedly involved (Bresciani, 2013).

The recent Petrobrás scandal involves alleged malfeasance by corporate, as well as political, elites. The evidence suggests that the ruling coalition received hundreds of millions (if not billions) of dollars in kickbacks from overpriced contracts awarded by the state-owned oil company, in an elaborated scheme of illegal campaign financing. Many of the directors who managed the bidding processes through which these inflated contracts were awarded were themselves nominated to their positions by the parties in the ruling coalition, suggesting that these individuals may have been appointed based on their willingness to participate in or at least tacitly condone the scheme. Many of the companies benefiting from the scheme would not be able to survive (or to keep sizable operations in Brazil), if it was not for the contracts with Petrobrás. In sum, the corrupt operation endured because none of the involved individuals or companies saw an advantage in taking action against it (Costas, 2014).

Focusing on Brazilian citizens' responses to these scandals, the implicit question is whether, consistent with the principal-agent framework, the electorate will hold corrupt politicians accountable by voting them out of office. The evidence, however, is not very reassuring. Both hypothetical and field experiments show that Brazilian voters are unlikely to change their choice of candidate, even after receiving information about the candidate's involvement in corruption schemes (Figueiredo, Hidalgo, & Kasahara, 2011; Pereira & Melo, 2015). In contrast, Ferraz and Finan (2011) show that audit results revealing potential evidence of corruption negatively impact on the chances of reelection for municipal governments, with the results strongest in municipalities with independent media. However, the negative electoral repercussions for potential corrupt officials are less pronounced in those municipalities that receive a significant amount of federal transfers (Brollo, Nannicini, Perotti, & Tabellini, 2013). In sum, the evidence does not indicate that the Brazilian voters effectively punish corrupt politicians in the voting booth.

While these two examples demonstrate how corruption in Brazil can resemble a collective action problem, the fact that these two schemes (along with many others) have been uncovered and that enforcement officials have taken legal action against the implicated parties suggests that something is working in Brazil's anti-corruption system. Not long ago, researchers were trying to provide explanations for the lack for enforcement of Brazilian anti-corruption laws (Taylor & Buranelli, 2007), and more recently some of these same researchers have been seeking explanations for the country's success (Praça & Taylor, 2014). These developments cannot be attributed to one single factor, but a number of variables seem to have contributed to these positive outcomes. First, there has been a significant, albeit incremental, improvement in personnel and resources allocated to a number of key institutions, such as the Brazilian Federal police (Power & Taylor, 2011). Second, these incremental changes may have gone unnoticed to the average citizen, as the changes were so small and discrete that failed to feature in newspaper headlines. But a cumulative set of small incremental changes over a significant period of time has generated a significant end result (Praça & Taylor, 2014). Third, some of these incremental changes, although made independently, created self-reinforcing mechanisms. This, in turn, generated positive feedback loops that reinforced a virtuous cycle (Ibid.).

Without questioning the valuable contributions these various factors may have made to Brazil's recent anti-corruption efforts, we believe that there is yet another variable in this mix: institutional multiplicity. Brazil has simultaneously empowered multiple institutions with the authority to monitor, investigate, and punish corruption. Rather than the product of a meticulous and coherent strategy designed by a single architect, this multifaceted approach seems to have been the result of independent and uncoordinated efforts from different actors that were separately trying to improve the accountability system in different ways. Nevertheless, the result is a system of reactive institutional multiplicity that appears to have been able to achieve some measure of success in tackling the collective action problem of corruption in the country.

Focusing first on oversight, the National Court of Accounts (*Tribunal de Contas da União*, TCU) functions as Brazil's leading government audit institution, and each year, its staff of 2400 employees inspects roughly 3000 annual financial reports from various government offices and processes several thousands of cases involving the employment and retirement of civil servants (Speck, 2011). However, after multiple scandals in the 1990s (e.g., Collorgate, São Paulo Regional Labor Court (TRT)) highlighted numerous procedural and institutional deficiencies in the TCU, in 2001 President Cardoso established an internal affairs division in the executive

branch which ultimately became the Office of Comptroller General of the Union (*Controladoria-Geral da União*, CGU). Responsible for internal accountability within the executive branch, the CGU has enhanced its role in monitoring public expenditures through its Random Audits Program (*Programa de Fiscalização a partir de Sorteios Públicos*) which uses a lottery to randomly select municipalities whose books are then audited to oversee the use of federal transfers.

Notably, the establishment of the CGU did not formally affect the authority of the TCU or its activities but rather merely created another institutional pathway to monitor the management of public funds. However, the performance records for these two institutions suggest that institutional multiplicity may have induced improvements. Specifically, since the CGU was created in 2001 and strengthened in 2006, the TCU has become notably more active. The Mechanism for Follow-Up on the Implementation of the Inter-American Convention against Corruption (MESICIC) Committee (2012, p. 20) notes that, between 2006 and 2010, the total number of processes initiated and pursued by the TCU (including audits, inspections, consultations, and complaints) rose from 6135 to 8019.

Without positing a direct causal connection between these two events, their temporal proximity suggests that institutional multiplicity and the mechanisms through which it may affect the operation of accountability institutions deserves further investigation. Moreover, even if a causal connection between institutional multiplicity and improved performance could be established, the precise forces that induced both institutions to improve their performance are unclear. For instance, inter-institutional competition may have ultimately improved institutional efficiency (Heller, 2003), or multiplicity may have simply generated fruitful cooperation or enhanced complementarities between CGU and TCU. This also deserves further investigation.

Over the past decade, Brazil has also incorporated institutional multiplicity to investigate suspected corruption. For many years, responsibility for the investigation and prosecution of corrupt-related offenses primarily lay with the Federal Public Prosecutors' Office. Questions concerning the investigative capacity of the police led the Brazilian government in 1992 to allocate responsibility over corruption cases to public prosecutors, who were then expected to investigate and bring civil suits to the judiciary. While the MPF was very active in investigating and bringing civil suits, the judiciary (especially state courts) proved slow (or unwilling) to impose sanctions. However, amidst concerted efforts undertaken at the end of the Cardoso administration (1995-2002) and strengthened under the Lula administration (2003-10) to improve the resources, professionalism, and performance of the federal police (*Departamento da Polícia Federal*, DPF), the DPF began to consider their mandate to include the fight against corruption and organized crime (Arantes, 2011). While the MPF retain exclusive authority over the investigation of civil corruption cases, on criminal cases, the DPF generally takes the lead, although, as discussed below, often with valuable assistance from public prosecutors. With an increased budget, more personnel, a newly defined focus on corruption and the use of catchy names for operations to gain easy publicity, the federal police have become an increasingly potent force in fighting corruption in Brazil.

While the empowerment of MPF and the subsequent strengthening of DPF suggest a focus on a particular principal at different points in time, the end result of these measures is two strong institutions performing investigative functions. And it is notable that the increase in criminal investigations and operations at the DFP between 2005 and 2009 has been followed by an increase in civil investigations initiated by the MPF on corruption and administrative impropriety between 2007 and 2011 (MESICIC, 2012: 27–36).

Although we cannot prove a causal connection, our hypothesis is that the strengthening of the DPF may have had a positive impact on the MPF's performance and vice-versa. The DPF's participation in criminal investigations clearly increases the total human and financial resources dedicated to the fight against corruption, but, moreover, the DPF and MPF seem to have been able to collaborate and to complement each other's work, further enhancing the quality and quantity of corruption investigations. Notably, the MPF's contributions have proven indispensable in numerous criminal investigations, including the Mensalão case which resulted in the unprecedented sentencing of high-level politicians. Indeed, according to the Attorney General (*Procurador Geral da República*), it would not be possible to prosecute and convict those involved in the Mensalão case without the investigation conducted by the public prosecutors' office (Gantois, 2013).

The significant progress associated with Brazil's systems of oversight and investigation (Arantes, 2011; Speck, 2011) in recent years has not been replicated in its punishment of corrupt actors (Avritzer, 2011; Filgueiras, 2011; Taylor, 2009). Prado and Carson (2016) suggest that this dismal performance can be attributed a lack of institutional multiplicity: a single and underperforming institution – the judiciary – has exercised monopolistic authority in sanctioning corrupt behavior.

If our hypothesis about institutional multiplicity is correct, however, there seems to be reason to believe that this is about to change. To circumvent the limits associated with Brazilian courts, the government is increasingly relying on administrative sanctions for corruption. Specifically, the Clean Company Act (*Lei Anti-Corrupção*), enacted in August 2013 to hold legal persons accountable for both foreign and domestic corruption, allows cases to be brought in administrative proceedings as well as civil courts, thus providing a mechanism through which officials can circumvent the well-known problems that plague the Brazilian judiciary (Prado, Carson, & Correa, 2016). Whether it will prove effective, however, remains to be seen.

If our hypothesis about institutional multiplicity in monitoring and investigation is accurate, however, there are strong reasons to believe that the Act is moving punishment in the right direction. The Act further creates incentives for parties with knowledge of corrupt schemes to work with authorities in exchange for reduced penalties. Indeed, in the Petrobrás case, a number people working for construction companies or for Petrobrás itself who were involved in the payback scheme of overpriced contracts have agreed to come forward and collaborate with the investigation in exchange for leniency in sanctions. Beyond the assistance that cooperation from parties with direct knowledge of or involvement in corrupt schemes can provide police and public prosecutors in their investigations, such leniency provisions also raise the threat of potential defection and whistleblowing among participants in such illicit operations. The Act thus addresses the first order collective action problem by providing advantages to "first movers" who take a stand against corruption while also tackling the second order issue by creating an alternative means to hold corrupt actors accountable without threatening the authority or status of the existing sanctioning institution, the judiciary.

By offering this institutional multiplicity hypothesis to explain Brazil's recent success, we are not dismissing other potential institutional arrangements that may have contributed to this change. So-called institutional "layering" describes a process of gradual institutional change that occurs as the result of introducing new rules or creating new organizations without eliminating existing ones (Mahoney & Thelen, 2010; Streeck & Thelen, 2005). More specifically, it comprises "a partial renegotiation of elements of a given set of institutions while leaving others in place" (Thelen, 2002: 225).

Recent reforms to Brazil's administration and treatment of money-laundering cases provide an example of layering in the corruption context. Beginning in 2003, federal tribunals were given the option of creating specialized "judicial bancs" (*varas especializadas*) to evaluate cases involving suspected money-laundering (CJF Resolutions 314/03, 517/06). After showing significant results, these specialized judicial bancs became mandatory for federal appeals tribunals in 2013 (CJF Resolution 273/13). The creation of these specialized judicial bancs represents a case of layering because, while the reforms added a new element to the system, prosecutors still cannot choose the forum in which their cases will be heard.

6. Conclusion

Corruption is a complex, secretive activity and therefore presents unique challenges to accountability institutions. As such, functional overlap may be the best mechanism to ensure that corruption, whether entrenched or opportunistic, is ultimately exposed and sanctioned. Institutional multiplicity could reduce the risk of failures in each step of the corruption accountability process, increase the resources available and/or enhance institutional performance.

Reactive institutional multiplicity offers a solution to combat corruption that is very much in line with most of the assumptions and concerns of the collective action framework. Regarding the first order collective action problem, it creates separate institutions that could potentially reduce the costs for those who are more inclined to engage in principled behavior to deviate from the standard corrupt behavior that prevails in society. As to second order collective action problems, institutional multiplicity allows for the creation of new institutions without dismantling the existing ones. It is therefore less likely to face political resistance. Also, because institutional multiplicity does not change the way in which existing institutions operate, it allows for a series of simultaneous and experimental reforms that could be akin to a multifaceted effort. In addition, institutional multiplicity disperses the responsibility for fighting corruption, decreasing the likelihood that one single institution can be the target of political backlash (in contrast to standalone, centralized anti-corruption authorities). Last but not least, the creation of institutional multiplicity may help foster a reform coalition, as it creates a safe haven for those inclined to fight corruption or to act in principled ways.

The Brazilian experience seems to provide some evidence to support these claims, and the recently enacted Clean Company's Act could be yet another example of the potential benefits of institutional multiplicity.

While reactive institutional multiplicity can offer benefits, it also has a number of potential drawbacks. First, because institutional overlap implies duplication it can sometimes be associated with an inefficient allocation of resources, especially in the short term, and this concern is particularly relevant in low-income developing countries with scarce fiscal resources that struggle to provide adequate coverage for other societal needs, such as education and health. Second, in some contexts institutional multiplicity may engender destructive competition and encourage individuals in one institution to act in a manner that undermines the efforts of their counterparts in another institution (Sharkey, 2013). Third, insofar as institutional multiplicity increases the number of officials with the power to investigate and punish corruption, there may be an increased incidence of corruption in the processes of holding individuals accountable for corruption. For example, institutional multiplicity may increase the number authorities from multiple (corrupt) investigation institutions who are able to extract bribes by threatening innocent citizens with false charges. Last but not least, there are concerns that more informal administrative processes,

especially those involving merging investigative and punishment functions (as it seems to be the case with deferred prosecution agreements in the United States application of the FCPA), may violate fundamental principles of a rule of law system (Koehler, 2014).

As Winters (2015) argues, by relying on institutional multiplicity, the Brazilian Clean Company Act may confront all these problems. We acknowledge these risks, but for the reasons presented above we believe that, in the Brazilian case, investing in institutional multiplicity is the best strategy. This is not to suggest that all countries facing endemic corruption should adopt this strategy. Institutional multiplicity should be considered in a careful cost-benefit analysis on a case-by-case basis, taking into consideration the resources, capacities, and policy needs within individual countries or societies. As such, a strategy of institutional multiplicity should be undertaken only after careful consideration of the potential benefits and drawbacks, based on the specific context. The Brazilian experience in the near future should provide relevant information to test the hypothesis developed here and further research should help reformers decide how and when to best use this strategy in the future.

In sum, further research into the conditions under which institutional multiplicity may generate more benefits than costs would go a long way in helping reformers in Brazil and in other countries fruitfully use this arrangement in the future.

Acknowledgements

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