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# Rethinking Corruption: Hocus-Pocus, Locus and Focus

PAUL M. HEYWOOD

## *Introduction*

Academic research on corruption and how to combat it has vastly increased over the last twenty-five years. However, the jury remains out on whether such an increase in productivity has had any meaningful effect in terms of actually reducing corruption. Indeed, some evidence suggests that global concerns about corruption are on the increase,<sup>1</sup> even if we have no reliable way of measuring precisely the extent of the problem.<sup>2</sup> The apparent mismatch between the attention focused on corruption and our collective capacity to make a practical difference naturally raises questions about what might be going wrong. This article identifies three reasons for such a discrepancy: the way in which corruption has been conceptualized in much mainstream academic research, resulting in ‘magic bullet’ solutions based on institutional reconfiguration (hocus-pocus); the tendency of much research and anti-corruption advocacy to concentrate on nation-states as the primary unit of analysis (locus); and the lack of sufficient disaggregation of different types and modalities of corruption beyond crude binary divisions that do not recognize the complexities of an increasingly transnational world (focus). Another way of presenting the argument is that approaches to studying and fighting corruption have been characterized by social theories developed in the mid-twentieth century

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<sup>1</sup> Pew Research Center 2014 <<http://www.pewresearch.org/fact-tank/2014/12/04/global-worries-about-corruption-are-on-the-rise/>> [accessed 3 March 2016].

<sup>2</sup> See Paul M. Heywood and Jonathan Rose, “‘Close but no Cigar’: The Measurement of Corruption”, *Journal of Public Policy*, 34, 2014, 3, pp. 507–29; Paul M. Heywood, ‘Measuring Corruption’, in Heywood (ed.), *The Routledge Handbook of Political Corruption*, London, 2015, pp. 137–53.

being used to underpin practical remedies developed in the late twentieth century, but applied to a twenty-first century context that no longer matches the initial propositions.

Many of the examples used to illustrate and support the argument in this article are drawn from the experience of the post-Communist world, reflecting the signal importance of the end of the Cold War and the consequent reordering of the financial world order in stimulating the massive increase in the attention paid to corruption.<sup>3</sup> As noted by Abed and Gupta,

The breakup of the former Soviet Union [...] brought on one of the most profound and far-reaching transformations of the twentieth century. The disintegration of the command structures in the old regimes triggered some of the most chaotic economic, political, and social changes in modern history. Absence of the rule of law and accountable systems of governance led to rent seeking, corruption, and outright thievery.<sup>4</sup>

The quasi-triumphalist belief that capitalism had ‘won’ contributed to the aggressive implementation of the so-called Washington consensus, characterized by what became the global hegemony of neoliberal, market-focused policy prescriptions best summarized by the twin axes of privatization and deregulation.<sup>5</sup> This post-Keynesian turn had a huge influence on how corruption was understood and the remedies proposed to address it.

***Hocus-pocus: thinking differently about how to understand (anti-)corruption***

There has been no shortage of attempts to define corruption.<sup>6</sup> In this article, I do not want to engage directly with that debate. The widely-accepted generic definition that corruption is ‘the abuse of entrusted power

<sup>3</sup> For a good discussion, see Amy Linch, ‘Introduction: Postcommunism in a New Key: Bottom Up and Inside Out’, in Jan Kubik and Amy Linch (eds), *Postcommunism from Within*, New York and London, 2013, pp. 18–39, and also part four, ‘Corruption’, pp. 310–400.

<sup>4</sup> George T. Abed and Sanjeev Gupta, ‘The Economics of Corruption: An Overview’, in Abed and Gupta (eds), *Governance, Corruption and Economic Performance*, Washington, D.C., 2002, pp. 1–16.

<sup>5</sup> See Janine R. Wedel, ‘High Priests and the Gospel of Anti-Corruption’, *Challenge*, 58, 2015, 1, p. 8. The Washington consensus was originally developed in relation to Latin America, but soon came to assume a much broader focus.

<sup>6</sup> For excellent recent overviews of the core debates, see Mark Philp, ‘The Definition of Political Corruption’, and Oskar Kurer, ‘Definitions of Corruption’, in Heywood (ed.), *The Routledge Handbook of Political Corruption*, pp. 17–29 and 30–41.

for private gain', as popularized by Transparency International, is less than ideal, but nonetheless serves to capture the essence of what we instinctively understand by the term — even if it still leaves open the question of what exactly constitutes abuse and who decides. My emphasis here is more on arguments about why corruption occurs and what needs to be done to prevent it, rather than trying to establish a definitive account of what it precisely entails.

Over recent decades, the dominant approach to understanding corruption has adopted a principal-agent (P-A) lens influenced by neo-institutional economics; that is, corruption occurs when the interests of the principal and the agent diverge, there is informational asymmetry between them that favours the agent, and the principal can determine the pay-off rules of the relationship they enter into.<sup>7</sup> This broad approach, with various modifications and adaptations, has underpinned much of the work that looks at the impact of corruption on economic growth — the key driver behind the increased concern about corruption since the end of the Cold War.<sup>8</sup> P-A analysis thus influenced the reform proposals that characterized mainstream thinking about anti-corruption, reflected most notably in Klitgaard's (in)famous 'corruption formula': 'corruption equals monopoly power plus discretion minus accountability' ( $C=M+D-A$ ).<sup>9</sup> The P-A approach to understanding corruption is also evident in the highly influential work of other scholars, notably Rose-Ackerman<sup>10</sup> and Bardhan,<sup>11</sup> that helped inform and shape mainstream anti-corruption policies proposed by the World Bank, the International Monetary Fund and other international organizations.

What followed from this understanding of corruption being primarily a P-A problem was the belief that it could be reduced by establishing institutions that would promote 'good governance', understood in strongly normative terms. These reformed institutions would change the incentive structures facing key actors, and would be supported by more effective monitoring and control mechanisms: that is, they would reduce monopoly and discretion, and increase accountability. In essence, the good governance

<sup>7</sup> Nico Groenendijk, 'A Principal-Agent Model of Corruption', *Crime, Law and Social Change*, 27, 1997, 3, pp. 207–29.

<sup>8</sup> See, as a representative example, Vito Tanzi, *Corruption Around the World*, IMF Staff Papers, 45, 1998, 4, available at <<https://www.imf.org/external/pubs/ft/staffp/1998/12-98/pdf/tanzi.pdf>>.

<sup>9</sup> Robert Klitgaard, *Controlling Corruption*, Berkeley, CA, 1988, p. 75.

<sup>10</sup> Susan Rose-Ackerman, *Corruption and Government*, Cambridge, 1999.

<sup>11</sup> Pranab Bardhan, 'Corruption and Development: A Review of Issues', *Journal of Economic Literature*, 35, 1997, 3, pp. 1320–46.

approach rests on the belief that it is possible to identify 'principled principals', who will be somehow impervious to the kind of rational utility-maximizing calculations that drive the rent-seeking actions of agents. Such a notion seems to run counter to the behavioural assumptions about motivation on which the argument rests. Moreover, this approach cannot explain why in a given institutional setting, different individuals behave differently. It also assumes that there is some way of designing and implementing new institutions that is not itself subject to subversion by corruption.

An alternative perspective, associated primarily with Mungiu-Pippidi,<sup>12</sup> and with Persson, Rothstein and Teorell,<sup>13</sup> seeks to understand corruption more as a collective action issue, critically dependent on citizens' assessments of how others will behave in any given situation. Such an approach reflects the model developed by Ostrom<sup>14</sup> in relation to common pool resources. Thus, according to Persson et al., in situations where corruption is so widespread as to be near systemic, individuals may well conclude that it makes little sense for them not to act corruptly when everyone else is doing so:

Insofar as corrupt behaviour is the expected behaviour, everyone should be expected to act corruptly, including both the group of actors to whom the principal-agent framework refers to as 'agents' and the group of actors referred to as 'principals.'<sup>15</sup>

A similar idea was neatly encapsulated some years earlier by Grødeland, Koshechkina and Miller in the title of their article on corruption in post-Communist Europe: 'foolish to give and yet more foolish not to take.'<sup>16</sup>

More recently, Marquette and Peiffer<sup>17</sup> have provided a comprehensive assessment of the principal-agent and collective action approaches to corruption, arguing that the issue should not be understood in either-

<sup>12</sup> Alina Mungiu-Pippidi, *Contextual Choices in Fighting Corruption: Lessons Learned*, Oslo, 2011, pp. xiv, 7.

<sup>13</sup> Anna Persson, Bo Rothstein and Jan Teorell, 'Why Anti-Corruption Reforms Fail: Systemic Corruption as a Collective Action Problem', *Governance*, 25, 2013, 3, pp. 449-71.

<sup>14</sup> Elinor Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action*, Cambridge, 1990.

<sup>15</sup> Persson, et al., 'Why Anti-Corruption Reforms Fail', p. 457.

<sup>16</sup> Åse B. Grødeland, Tatyana Y. Koshechkina and William L. Miller, 'Foolish to Give and Yet More Foolish Not to Take: In-Depth Interviews with Post-Communist Citizens on Their Everyday Use of Bribes and Contacts', *Europe-Asia Studies*, 50, 1998, 4, pp. 651-77.

<sup>17</sup> Heather Marquette and Caryn Peiffer, *Corruption and Collective Action*, DLP/U4 Research Paper 32, 2015 <<http://publications.dlprog.org/CorruptionandCollectiveAction.pdf>> [accessed 3 March 2016].

or terms. Instead, each perspective has something valuable to offer, depending on context. Moreover, they add a further perspective to the P-A/CA debate, pointing out that whilst both approaches see corruption in wholly negative terms, for citizens who live in systemically corrupt settings it may in fact be a positive solution. This ‘problem-solving’ understanding of corruption — in which lived experience means that it may be the only means of accessing basic needs — stresses how corruption can therefore serve as a positive function for citizens (*and* political leaders) who need to operate and survive in the context of weak or ineffective state institutions.

Some of these attempts to overcome the dualism of P-A/CA approaches in understanding citizen responses to corruption have a striking parallel in the earlier work of Kuran on ‘preference falsification’, that is ‘the act of misrepresenting one’s wants under perceived social pressure’.<sup>18</sup> Early versions of the theory of preference falsification sought to explain the practical functioning of how many East European citizens experienced ‘living a lie’ under Communism, professing support in public for the regime they lived under, but privately despising it.<sup>19</sup> From a social theory perspective, Kuran wanted to explain why it was not possible for scholars to predict the point at which the Communist edifice would collapse in spite of the long-lived widespread opposition to it from within.<sup>20</sup> His approach sought to overcome the division between structural and rational choice approaches to explaining revolution by highlighting that preference falsification was both a source of stability for Communist regimes and also a reason for their rapid disintegration. In Communist regimes that routinely demanded support from citizens, individuals faced a personal trade-off between internal and external costs: that is, the psychological cost of preference falsification in expressing support versus the assumed cost of siding with opposition to the regime. As opposition was seen to grow, so the internal trade-off shifted for ever more individuals, resulting in the emergence of a ‘revolutionary bandwagon’. However, for any given individual, it is impossible to know at what tipping point preference falsification gives way to action, meaning that the timing and speed of the overall snowball effect is inherently unpredictable. Kuran expresses this in

<sup>18</sup> Timur Kuran, *Private Truths, Public Lies: The Social Consequences of Preference Falsification*, Cambridge, MA, 1995, p. ix. Preference falsification differs from the classic Marxian notion of false consciousness, in that its subjects are fully aware of the falsification they are engaging in and knowingly hide their true feelings.

<sup>19</sup> This lived contradiction was brilliantly captured in the fictional account of life in post-war Hungary by Tibor Fischer in *Under the Frog*, Edinburgh, 1992.

<sup>20</sup> Timur Kuran, ‘Now Out of Never: The Element of Surprise in the East European Revolution of 1989’, *World Politics*, 44, 1991, 1, pp. 7–48.

terms of the relationship between an individual ( $i$ ), the level of opposition ( $S$ ), private preferences ( $x^i$ ), and the revolutionary threshold ( $T^i$ ): a person's internal payoff varies positively with their private preferences, which in turn are influenced by what they see around them, and so as  $x^i$  rises as a function of a growth in  $S$ , so  $T^i$  falls.

As Kuran argues, preference falsification is routine in all types of regime, not just non-democracies.<sup>21</sup> The argument has a clear resonance with the reluctance of individuals in a host of settings to take a stand against corruption even when they are strongly opposed to it: a fear of potential consequences can easily lead someone ostensibly to support activity they know is wrong. However, unlike collective action approaches that essentially account for non-action, preference falsification also helps explain why in some circumstances, people *do* take a dramatic stand against corruption, as happened in the 'Arab Spring'. Just as in the case of the collapse of Communism, it was impossible to predict the timing of the popular risings that characterized the Arab Spring, when rejection of corruption became a leitmotiv of protestors across the region. In regard to Kuran's formula, in this case it could be argued that the individual payoff for many citizens reached the point at which private preferences outweighed preference falsification, particularly once they saw others taking a stand: their individual revolutionary threshold was crossed and they joined the protestors.

Whilst not on the scale of the Arab Spring, popular protests against corruption<sup>22</sup> have become widespread globally, with major demonstrations taking place, for instance in India (2011), Argentina (2012), Lithuania (2012), Brazil (2013), Bulgaria (2013), Ghana (2014), Kuwait (2014), Mexico (2014), Thailand (2014), Ukraine (2014), Guatemala (2015), Honduras (2015), Iraq (2015) and Lebanon (2015).<sup>23</sup> Although there may seem little ostensible relationship between academic debates about theories of corruption on the one hand, and raw street protests on the other, they do share a significant common feature: in virtually all these cases, 'corruption' is presented as an undifferentiated target, operating as a sort of catch-all term to encompass negative behaviours.

<sup>21</sup> Kuran, *Private Truths*, p. xi.

<sup>22</sup> In addition, the global demonstrations of 15 October 2011 under the slogan 'United for #GlobalChange' were partly, if not explicitly, driven by concern over corruption. The other examples cited here had a primary focus on anti-corruption.

<sup>23</sup> Similarly, the so-called 'colour revolutions' of the early 2000s — notably in Georgia (2003) and Ukraine (2004) — were prompted in part by anti-corruption sentiments, even if the proximate stimulus was usually disputed elections. See Donnacha Ó Beacháin and Abel Polese (eds), *The Colour Revolutions in the Former Soviet Republics*, Abingdon and New York, 2010.



In practice, of course, there are all kinds of implicit differentiations at work in both the academic literature and amongst the protestors. The latter are often broad-ranging in their demands for change, but insofar as they have a focus on corruption it is usually governmental, with political leaders at all levels (local, provincial, national) seen as crooks, thieves and general ne'er-do-wells.<sup>24</sup> In part, this reflects how the discourse around corruption has developed in recent decades. As Krastev has argued, following the collapse of Communism in Eastern Europe, corruption came to serve as a universal explanation for all failings:

Corruption is the most powerful policy narrative in the time of transition. [...] Blaming corruption for the post-communist citizen is the only way to express his disappointment with the present political elites [...]. Talking about corruption is the way post-communist public talks about politics, economy, about past and future.<sup>25</sup>

In similar vein, Bratsis observed:

Regardless of the interpretive frame [...], the specter of corruption is a constant [...], corruption seems to refer to underlying tensions, antagonisms, and traumas that, regardless of one's conceptual toolbox and political tendencies, cannot be ignored or passed over.<sup>26</sup>

That such arguments continue to have currency is evidenced, for instance, by the South African advocacy group, Corruption Watch, posting a feature piece in October 2015 with the title, 'Corruption Affects Everything and Everybody'.<sup>27</sup> Indeed, it has become almost a commonplace to refer to corruption in such all-encompassing terms, perhaps best reflected in the near apocalyptic pronouncement of the then World Bank President, Paul Wolfowitz, who in 2005 described corruption as the greatest evil facing the world since Communism.<sup>28</sup>

<sup>24</sup> World Protests 2006–13 <[http://policydialogue.org/files/publications/World\\_Protests\\_2006-2013-Executive\\_Summary.pdf](http://policydialogue.org/files/publications/World_Protests_2006-2013-Executive_Summary.pdf)>.

<sup>25</sup> Ivan Krastev, 'Corruption, Anticorruption Sentiments and the Rule of Law', in *Shifting Obsessions: Three Essays on the Politics of Anticorruption*, Budapest, 2004, p. 43.

<sup>26</sup> Peter Bratsis, 'The Construction of Corruption, or Rules of Separation and Illusions of Purity in Bourgeois Societies', *Social Text*, 77, 21, 2003, 4, p. 9.

<sup>27</sup> Corruption Watch <<http://www.corruptionwatch.org.za/corruption-affects-everything-and-everybody/>>.

<sup>28</sup> Cited in Jeevan Vasagar, 'Kenya gets \$25m loan from World Bank despite corruption row', *The Guardian*, 26 January 2006 <<http://www.theguardian.com/world/2006/jan/26/kenya.jeevanvasagar>>.



It is understandable that anti-corruption activists and campaigners should want to raise awareness of the serious problems generated by corruption, but there is a clear risk that in over-extending the use of the term, the effect is actually to so void the term of real meaning that it will ultimately de-sensitize people.<sup>29</sup> Some forty years ago, Aaron Wildavsky published an influential article with the title 'If Planning is Everything, Maybe it's Nothing'.<sup>30</sup> Wildavsky's focus was on the developing world, and it is striking how apposite his analysis remains, if we substitute 'anti-corruption' for 'planning':

Where planning [anti-corruption] does not measure up to expectations, which is almost everywhere, planners [designers of anti-corruption measures] are handy targets. They have been too ambitious or they have not been ambitious enough. They have perverted their calling by entering into politics or they have been insensitive to the political dimensions of their task. They ignore national cultural mores at their peril or they capitulate to blind forces of irrationality. [...] If they are supposed to doctor sick societies, the patient never seems to get well.<sup>31</sup>

Such seemingly contradictory calls will strike a chord amongst many who have observed anti-corruption efforts over recent years. Indeed, it could be argued that corruption, like planning in Wildavsky's original conception, has become 'a way of restating in other language problems we do not how to solve';<sup>32</sup> in turn most anti-corruption efforts are bound to fail unless we can find more effective ways of unpacking the problem we are seeking to address.

A starting point for such unpacking would be to move away from an undifferentiated conception of corruption. Even if we accept the generic definition of corruption as being the abuse of power for private gain, in practical terms that still leaves a vast array of different activities that fall within that remit. Indeed, so vast are the differences — ranging from a traffic officer extorting a bribe from an innocent motorist to a government minister selling decision-making to private interests — that it is unhelpful

<sup>29</sup> Writing about post-Communist Russia, Varese has commented that where corruption is an all-pervasive norm, the very notion of corruption becomes meaningless. Federico Varese, 'Pervasive Corruption in Economic Crime in Russia', in A. Ledeneva and M. Kurkchiyan (eds), *Economic Crime in Russia*, London, 2000, pp. 99–100.

<sup>30</sup> Aaron Wildavsky, 'If Planning is Everything, Maybe it's Nothing', *Policy Sciences*, 4 1973, pp. 127–53.

<sup>31</sup> *Ibid.*, p. 127.

<sup>32</sup> *Ibid.*, p. 149.

in operational terms to describe all such actions simply as corruption. We need to be able to make a meaningful differentiation between these (and other) types of activity, even if they fall within the same spectrum. Just as we routinely differentiate within other wide-ranging spectrums (for instance, between different frequencies in the electromagnetic spectrum, or between different severities in the Autistic spectrum), so we should expect to identify different types of corruption. As Bussell has argued,

If we are serious about understanding the dynamics of corruption both theoretically and empirically, then a more meaningful conversation about the ways in which we operationalize the concept is necessary for pushing forward our knowledge.<sup>33</sup>

To be sure, there have been various attempts to identify such differentiations. One such recent approach is that of Bauhr,<sup>34</sup> who draws a core distinction between ‘need’ and ‘greed’ corruption. The former builds on coercion and extortion (for instance, forcing citizens to pay bribes to access services they should have a right to access), and the latter on collusion (for instance, government ministries selling favourable legislation to private interests). Bauhr points out how this distinction challenges the idea that corruption will necessarily give rise to collective action responses borne of popular outrage. Much ‘greed’ corruption is ‘unobtrusive’ and can remain invisible for long periods. As others have done, Bauhr questions the idea that relying on principals willing to enforce anti-corruption legislation is a credible approach to tackling the issue; instead, anti-corruption efforts would do better to address how corruption is experienced and seen in different societies and adjust their focus accordingly.

Other dichotomous classifications include ‘petty’ versus ‘grand’ corruption<sup>35</sup> (sometimes referred to as ‘bureaucratic’ versus ‘political’ corruption),<sup>36</sup> or ‘systemic’ versus ‘individual’ corruption. A more detailed schema was developed by Alatas,<sup>37</sup> whose typology drew a core distinction

<sup>33</sup> Jennifer Bussell, ‘Typologies of Corruption: A Pragmatic Approach’, in Susan Rose-Ackerman and Paul Lagunes (eds), *Greed, Corruption and the Modern State*, Cheltenham, 2015, pp. 23–24.

<sup>34</sup> Monika Bauhr, ‘Need or Greed Corruption?’, in Soren Holmberg and Bo Rothstein (eds), *Good Government: The Relevance of Political Science*, Cheltenham, 2012, pp. 68–86.

<sup>35</sup> Susan Rose-Ackerman, *Corruption and Government*, Cambridge, 1999, pp. 27, 91.

<sup>36</sup> Inge Amundsen, *Political Corruption: An Introduction to the Issues*, Chr. Michelsen Institute Working Paper 7, Bergen, 1999, p. 3.

<sup>37</sup> Syed Hussain Alatas, *Corruption: its Nature, Causes and Consequences*, Aldershot and Brookfield, VT, 1990, ch. 1.

between 'extortive' and 'transactive' corruption, but with several sub-types identified within each strand (including, for instance, defensive, investive, nepotistic, supportive, autogenic) in order to provide a more nuanced categorization. Johnston<sup>38</sup> has distinguished between different 'syndromes' of corruption, focusing on influence markets, elite cartels, oligarchs and clans, and official moguls; he outlines different political and economic opportunities, as well as the nature of institutions, in each of these syndromes.

Whilst these categorizations offer important insights, it is noteworthy that a great many of the most widely-cited and influential analyses of corruption make no reference to any such attempt to distinguish between different types — nor even to identify what is understood by corruption itself. In much of the existing literature, therefore, we are faced with a lack of fit between attempts to conceptualize and describe corruption on the one hand, and empirical accounts of the causes or impact of corruption on the other. Bussell notes that

analyses of corruption are problematic for the purposes of cumulating knowledge on at least two levels. First, it is difficult to tell if analysts are using the same initial concept of corruption to inform their theoretical perspective. [...] Second, even in those cases where analysts specify their concept of corruption, the operationalization of that concept is likely to differ dramatically across different empirical analyses.<sup>39</sup>

Bussell herself suggests distinguishing between types of corruption according to how they relate to different types of state resources and in particular who has indirect influence and direct control over government policies, public licenses and contracts, government jobs and public goods and services.<sup>40</sup> This is a promising approach, but does not address a further issue that is explored in more detail below: that is, what 'counts' as corruption changes over time and space. As Neild points out, 'the nature of the activities that are held to be corrupt has changed with time and has differed from one part of the world to another, in step with the rules governing society'.<sup>41</sup>

<sup>38</sup> Michael Johnston, *Syndromes of Corruption*, Cambridge, 2005.

<sup>39</sup> Bussell, 'Typologies of Corruption', p. 24.

<sup>40</sup> *Ibid.*, pp. 37–41.

<sup>41</sup> Robert Neild, *Public Corruption: The Dark Side of Social Evolution*, London, 2002, p. 5.

***Locus: thinking more deeply about where corruption takes place***

My argument here is that differentiation between different types of corruption is a necessary, but not sufficient, step if we are to find more effective ways to combat it in its various manifestations. In addition to that differentiation, we need to develop a more realistic understanding of the different levels and locations in which different types of corruption take place. It is striking that much of the academic literature on corruption focuses on nation-states as the primary unit of analysis. In particular, there is no shortage of work that seeks to link corruption with a host of variables that are measured at the level of nation-states, including such things as levels of GDP, foreign direct investment, human rights, judicial effectiveness, press freedom, political institutions, the number of women in government, bureaucratic rewards and so forth.<sup>42</sup> In these studies, sometimes corruption is the dependent variable, and sometimes the independent variable; rarely, though, is corruption defined in anything other than the most generic terms. It is arguable that this lack of conceptual specification is a key contributory factor in the sometimes contradictory findings from such research: notably, according to some authors, corruption can (in certain circumstances) have a positive effect on economic development, whereas according to others it has only negative effects; some argue that corruption flourishes under 'big' government, whereas others point to the Nordic states as evidence to the contrary. Even laboratory based experiments, which have become increasingly popular amongst economists who study corruption, have led to 'some puzzling, contradictory results'.<sup>43</sup>

One thing that nearly all these studies have in common is that their account of corruption, whether as dependent or independent variable, derives from some form of global index: most often, Transparency International's Corruption Perceptions Index, or the World Bank's Control of Corruption Index, but also the Global Corruption Barometer, the Business Environment and Enterprise Performance Survey, Freedom House reports and others. There has been a veritable explosion of such indices and rankings in recent years, described as a 'frenzy' by Cooley, with

<sup>42</sup> For good discussions of the growth and contradictions of such studies, see Bo Rothstein, *The Quality of Government*, Chicago, IL, 2011, ch. 2; Mlada Bukovansky, 'Corruption Rankings', in Alexander Cooley and Jack Snyder (eds), *Ranking the World*, Cambridge, 2015.

<sup>43</sup> Sheheryar Banuri and Catherine Eckel, *Experiments in Culture and Corruption: A Review*, World Bank Policy Research Working Paper 6064, 2012, p. 2.

eighty-three new indices established since 1990.<sup>44</sup> One stimulus for this frenzy, according to Cooley,<sup>45</sup> was the desire to measure what was believed to be the ineluctable march of progress in post-Communist states towards market-based liberal democracy. The new indices were designed to track that process, at the same time as underlining the superiority of Western institutional arrangements for delivering positive performance across a whole range of indicators.

The Corruption Perceptions Index and the Control of Corruption Index are well-established and have assumed an important place in the ever greater focus on 'the quiet exercise of power through indicators',<sup>46</sup> with global rankings increasingly driving policy-making both nationally and internationally.<sup>47</sup> However, there is now an extensive literature on the many problems — both conceptual and methodological — involved in attempts to measure corruption (and many other indicators of government quality), which relate primarily to a mismatch between concepts and their measurement, an over-reliance on proxy indicators and Western-focused elite bias.<sup>48</sup> There is no need to rehearse those arguments in any detail here, but it is important to note, as Cooley observes, that

[a]t the most basic level, rankings provide specialized information about the performance of states on a number of issues. Rankings and ratings [...] reduce complex phenomena into quantifiable indicators that can be used to assess the performance of states.<sup>49</sup>

Leaving aside the question of how a single indicator can conceivably capture a concept as complex as corruption, the key point to underline here is the emphasis on states and, by extension, state activity. It is individual countries that are the focus of the most widely-cited indices.

This focus on individual countries in both measurement and ranking could be seen as somewhat ironic, given that '[t]he practice of global corruption rankings has been a central part of the construction of the corruption issue as a global, rather than comparative, country-specific,

<sup>44</sup> Alexander Cooley, 'The Emerging Politics of International Rankings and Ratings', in Cooley and Snyder (eds), *Ranking the World*, p. 9.

<sup>45</sup> Ibid., pp. 7–8.

<sup>46</sup> Kevin E. Davis, Benedict Kingsbury and Sally Engle Merry, 'The Local-Global Life of Indicators: Law, Power and Resistance', in Engle Merry, Davis and Kingsbury (eds), *The Quiet Power of Indicators*, Cambridge, 2015, p. 1.

<sup>47</sup> Cooley, 'The Emerging Politics', p. 18.

<sup>48</sup> Heywood and Rose, 'Close but No Cigar'; Heywood, 'Measuring Corruption'; Bukovansky, 'Corruption Rankings'.

<sup>49</sup> Cooley, 'The Emerging Politics', p. 14.

issue'.<sup>50</sup> By the 'global' nature of the problem of corruption, however, is meant that it is an issue that afflicts nations across the world, amenable to being identified and measured *within* state borders. Hence the rankings by country. Moreover, it is a problem that reflects *state* activity, meaning the institutions and activities of governments rather than the private sector. Hence the focus on institutional reforms to engender 'good governance', as discussed above.

There are two main problems with this approach to analysing corruption. First, it reflects an ever more unrealistic understanding of how corruption works in practice; second, it reflects an ever more unrealistic understanding of how contemporary states are organized and function. Profound changes in the nature and organization of the contemporary state mean that many of our traditional concepts and categories in regard to power and authority — perhaps most notably, the separation between public and private sectors and the autonomy of state action — need to be revised. There is burgeoning literature on the post-Cold War new world order and what might be termed the 'post-modern state' in which national borders have become increasingly irrelevant owing in large measure to new technologies that have changed how states operate.<sup>51</sup> Often described (not without controversy) as 'globalization', one of the key changes has been greater integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, the spread of technology and military presence. To be sure, these changes have been uneven and their full impact is still to be worked out, but it is undoubtedly the case that traditional notions of national sovereignty (and all that goes with that idea) are being refocused and reformulated.

Whatever the merits or otherwise of debates about globalization, what is clear is that some forms of corruption have seen significant changes in recent years. As Shelley argues,

In recent decades, globalization has catalysed a sea change in the level of corruption. Money can easily be moved internationally, to major banking centers and offshore locales, via wire transfers. [...] In the new globalized economic order, worldwide corruption undermines states and permits the siphoning off of large amounts of national revenue with dizzying speed.<sup>52</sup>

<sup>50</sup> Bukovansky, 'Corruption Rankings', p. 71.

<sup>51</sup> Robert Cooper, *The Post-Modern State and the World Order*, London, 2000. See also, Rob Atkinson, 'Globalisation, New Technology and Economic Transformation', in Olaf Cramme and Patrick Diamond (eds), *Social Justice in a Global Age*, Oxford, 2009, pp. 154–75.

<sup>52</sup> Louise I. Shelley, *Dirty Entanglements: Corruption, Crime and Terrorism*, Cambridge, 2014, pp. 66, 68.

Of particular importance in this respect has been financial market liberalization, which has wrought profound changes in the nature of and the players within the sector, with new fields emerging based on financial mathematical modelling and algorithms that are dependent on access to cheap computing power.<sup>53</sup> The growth of new forms of ever more complex securities and derivatives, designed in part to stay ahead of regulatory frameworks, was accompanied by a changing attitude towards risk and speculation, which was in large part responsible for the global financial crisis that emerged in 2007–08. In turn, such developments have contributed to an erosion of trust in the financial sector, in particular, and also to the broader citizen disillusionment that has been reflected in the protests referred to above. As Hosking has observed,<sup>54</sup> trust is a vital element within the web of interdependence that characterizes contemporary societies, and the growing reliance on regulation as opposed to reputation as a primary mechanism for integrity management can undermine generalized social trust and contribute to conditions conducive to corrupt exchanges.<sup>55</sup>

It could be argued that it suits the interests of countries in the developed world, most of which do well in the global rankings, to focus on corruption within individual states. That way, they avoid having to confront the extent to which they are complicit in facilitating the growth in worldwide corruption. According to Bukovansky,

focusing international attention on corruption as a characteristic of developing country governments can obscure the broader permissive context of the international financial architecture, through which activities such as offshore tax havens and money laundering operate to sustain corrupt payment systems, not to mention the facilitation of ‘state capture’ by financial interests.<sup>56</sup>

What is not open to question, however, is that some forms of financial corruption in the developing world have been assisted by opportunities for money laundering that are linked to lax enforcement of regulations in key centres such as London, New York and Singapore.<sup>57</sup>

<sup>53</sup> Nick Vanston, ‘Trust and Reputation in Financial Services’, *Driver Review DR30*, Foresight, Government Office for Science, 2012.

<sup>54</sup> Geoffrey Hosking, *Trust: A History*, Oxford, 2014.

<sup>55</sup> European Bank for Reconstruction and Development, *Life in Transition: After the Crisis*, London, 2011. See chapter 4, ‘Corruption and trust’, pp. 36–47.

<sup>56</sup> Bukovansky, ‘Corruption Rankings’, p. 64.

<sup>57</sup> TI-UK, *Don’t Look, Won’t Find: Weaknesses in the Supervision of the UK’s Anti-Money Laundering Rules*, 2015; Global Witness, *Banks and Dirty Money: How the Financial*



In an important recent study, Findley, Nielson and Sharman<sup>58</sup> focus on ‘shell companies’ that cannot be traced back to their real owners and therefore enable crimes like corruption, sanctions-busting, tax evasion and illegal trade in drugs and weapons. They make the telling point that although regulatory efforts underpin most attempts to combat these issues, notably via the inter-governmental Financial Action Task Force (FATF), a focus on the state misses the central role of service providers:

It turns out that governments are not the main locus of compliance with international financial transparency standards. Rather, firms such as the GT Group, which provide incorporation services for clients seeking to set up new businesses, are the primary points where international standards mandating that shell companies can be traced back to their real owners are either followed or violated.<sup>59</sup>

The activities of shell companies, and their role in enabling corruption, highlights how the capacity of states to regulate activity is being transformed in an increasingly transnational financial world, in which the architecture of compliance mechanisms is itself open to manipulation by private interests.<sup>60</sup> Such developments, that create new opportunities for corrupt rulers in particular, underline the extent to which boundaries between public and private sectors are becoming increasingly blurred.

Some analysts have spoken of what amounts to the privatization of public power. Wedel’s recent study of the so-called ‘shadow elite’<sup>61</sup> has argued that in many areas the functional separation between public and private has effectively been superseded. Wedel developed her analysis on the basis of post-Cold War developments in Poland, before extending it to look at Russia and the USA. She identifies the rise of so-called ‘flexians’, who operate within new forms of social network and manoeuvre

*System Enables State Looting at a Devastating Human Cost*, London, 2015; *Corruption and Money Laundering* <<https://www.globalwitness.org/campaigns/corruption-and-money-laundering/#more>>.

<sup>58</sup> Michael G. Findley, Daniel L. Nielson and J. C. Sharman, *Global Shell Games*, Cambridge, 2014.

<sup>59</sup> *Ibid.*, pp. 2–3.

<sup>60</sup> On the increasingly complex nature of the relationship between major corporations and nation states, see Stephen D. Cohen, *Multinational Corporations and Foreign Direct Investment*, Oxford, 2007. See also, Parag Khanna, ‘These 25 Companies are More Powerful Than Many Countries’, *Foreign Policy*, March/April 2016, available at <<http://foreignpolicy.com/2016/03/15/these-25-companies-are-more-powerful-than-many-countries-multinational-corporate-wealth-power/>>.

<sup>61</sup> Janine Wedel, *Shadow Elite: How the World’s New Power Brokers Undermine Democracy*, New York, 2010.

seamlessly between a range of different roles: government advisors, think tank employees, business consultants, media pundits and so forth. As a result, 'private players are afforded fresh opportunities to make governing and policy decisions without meaningful government involvement. Whether for profit or to advance an agenda, they can privatize policy beyond the reach of traditional monitoring systems'.<sup>62</sup> This has been especially apparent, for instance, during US-led reconstruction efforts in Afghanistan, where 'private contractors not only carry out public functions but oversee, supervise and manage other contractors who perform such functions'.<sup>63</sup> Wedel contends that transnational political and financial elites have become ever more inter-linked, leading to the emergence of what has been termed elsewhere a financial-political complex<sup>64</sup> and reinforcing the ineffectiveness of regulation in the banking and financial sector in particular. As Johnston reflects, '[i]n some respects, international boundaries between the public and private sectors, and between political and economic power, are weakening or vanishing as rapidly as international borders'.<sup>65</sup>

This blurring of traditional spheres in the 'post-modern' state matters greatly for our understanding of corruption. As Wedel herself notes, analytic concepts such as 'corruption' and 'conflict of interest' struggle to capture the operational complexity of how 'flexians' function.<sup>66</sup> Yet, in much of the existing work, corruption is routinely understood as necessarily involving state officials: 'the private wealth-seeking behaviour of someone who represents the state and the public authority, or as the misuse of public goods by public officials for private ends'.<sup>67</sup> Such an emphasis cannot capture the reality of much contemporary corruption, especially in some parts of the world: 'limiting corruption exclusively to the state sector is difficult in most developing and post-Communist countries, as there is an absence of clear boundaries between state office

<sup>62</sup> Ibid., p. 75.

<sup>63</sup> Lawrence B. Wilkerson, "'Shadow Elite': War and the Deadly Privatization of Public Power", *Huffington Post*, 21 March 2010 <[http://www.huffingtonpost.com/lawrence-b-wilkerson/shadow-elite-war-and-the\\_b\\_428209.html](http://www.huffingtonpost.com/lawrence-b-wilkerson/shadow-elite-war-and-the_b_428209.html)>.

<sup>64</sup> Sy Harding, 'Beware the Financial-Political Complex', *Forbes*, 16 July 2012 <<http://www.forbes.com/sites/greatspeculations/2012/07/16/beware-the-financial-political-complex/#494484fc2bef>>.

<sup>65</sup> Michael Johnston, 'Reflection and Reassessment', in P. M. Heywood (ed.) *The Routledge Handbook of Political Corruption*, p. 280.

<sup>66</sup> Wedel, *Shadow Elite*, p. 12.

<sup>67</sup> Amundsen, *Political Corruption*, p. 2.

and private business.’<sup>68</sup> Even if there is growing recognition amongst some analysts of the need to extend our understanding of corruption beyond just the public sector, in practice many of the indices and rankings that measure corruption and have been used to assess both its determinants and its impact focus *specifically* on state or public sector activity. Thus, TI’s Corruption Perceptions Index ‘measures the perceived levels of *public sector* corruption’,<sup>69</sup> and the World Bank’s Control of Corruption indicator ‘captures perceptions of the extent to which *public power is exercised for private gain*’.<sup>70</sup> One consequence of this focus is that the anti-corruption discourse — at least until very recently — has made virtually no mention of such issues as tax havens, tax evasion, capital flight, or the offshore financial world.<sup>71</sup>

It is therefore highly ironic that some of the leading measures of corruption have themselves contributed to the blurring of the distinction between public and private:

The last two decades have seen the rapid rise of private actors playing governance functions such as setting standards, resolving disputes, and framing appropriate international responses to common challenges. [...] For example, though senior officials at Transparency International deny their role as a source of global regulation, TI has been the central actor in the spawning of a new transnational anti-corruption advocacy network.<sup>72</sup>

The lack of attention paid to changes in the nature and organization of contemporary states as a result of processes linked to globalization, and the increasingly transnational nature of corruption, seriously undermines those approaches that see corruption as a country-specific issue linked to the public sector. By extension, attempts to develop anti-corruption strategies that build upon such an understanding are almost bound to fall short, insofar as they tend to focus on institutional fixes that are either too generic or else wrongly targeted. In particular, the notion of ‘good governance’ that has underpinned many anti-corruption initiatives fails to reflect the reality of how contemporary states function in practice,

<sup>68</sup> Shelley, *Dirty Entanglements*, p. 66.

<sup>69</sup> Transparency International, *The Corruption Perceptions Index* (emphasis added), available at <<http://www.transparency.org/cpi2014>> [accessed 3 March 2016].

<sup>70</sup> World Bank, *Worldwide Governance Indicators* (emphasis added), available at <<http://info.worldbank.org/governance/wgi/index.aspx#doc-sources>> [accessed 3 March 2016].

<sup>71</sup> Bukovansky, ‘Corruption Rankings’, p. 75.

<sup>72</sup> Cooley, ‘The Emerging Politics’, p. 17.

even those that look like Denmark; as Mungiu-Pippidi points out, ‘anti-corruption efforts cannot be effective unless they are contextual’.<sup>73</sup> That means paying more attention to the complex dynamic between historical development paths and institutional architecture within individual states: ‘by copying the formal institutions of present-day Sweden or Denmark, “one-best-way” transfer models presume that the actual path those countries took to get where they are does not matter’.<sup>74</sup>

There have been a number of recent studies that have sought to explore the long-term historical origins that underpin success and failure of states in terms of developing ‘clean’ or effective governance. Many of these stress the importance of institutional design and political choices. However, by definition, such studies generally concentrate on the internal architecture of given states, emphasizing, for instance, the nature of the rules of the political game and the nature of institutions (extractive or inclusive),<sup>75</sup> (in)equality in the distribution of income and assets,<sup>76</sup> the pursuit of power and military competition,<sup>77</sup> and so forth. Whilst they reinforce the need to pay attention to historical context and the role of agency, these types of study inevitably pay less attention to the impact of globalizing trends on the nature and operation of contemporary states. Indeed, Mungiu-Pippidi suggests that:

while globalization has turned corruption into a global phenomenon in need of a global response, the battlefield upon which this war is won or lost remains national. [...] [T]his war cannot be fought and won internationally, although it might help if we conceptualize international anticorruption assistance as the empowerment of domestic forces.<sup>78</sup>

In regard to many manifestations of corruption, this is undoubtedly true. However, when dealing with the kind of transnational flows of corrupt money outlined above, as well as the emergence of transnational networks of elites, then national-level responses are not only likely to miss their target, but are also potentially vulnerable to precisely the kind of

<sup>73</sup> Alina Mungiu-Pippidi, *The Quest for Good Governance*, Cambridge, 2015, p. 129. The reference to Denmark is from her influential article, ‘Becoming Denmark: Historical Designs of Corruption Control’, *Social Research*, 80, 2013, 4, pp. 1259–86.

<sup>74</sup> Mungiu-Pippidi, *Quest for Good Governance*, p. 99.

<sup>75</sup> Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity and Poverty*, London, 2012.

<sup>76</sup> Jong-sung You, *Democracy, Inequality and Corruption: Korea, Taiwan and the Philippines Compared*, Cambridge, 2015.

<sup>77</sup> Neild, *Public Corruption*.

<sup>78</sup> Mungiu-Pippidi, *Quest for Good Governance*, p. 210.

collective action difficulties highlighted in response to the principal-agent approach.<sup>79</sup>

*Focus: adjusting the lens*

Hocus-pocus and locus-driven considerations indicate that if we are to address corruption for the purposes of effective policy, we need to disaggregate it into different types, as well as between the different levels and locations in which it occurs. In particular, we need a better understanding of how different forms of corruption operate in practice in specific settings. A useful starting point might be to distinguish between macro-, meso- and micro-level approaches, although it should also be acknowledged that these different levels do not operate as mutually exclusively spheres and developments in one can influence those in another. At the macro-level, the focus should be on the developing international geo-political and financial architecture outlined in the previous section, to see how it has influenced and shaped the emergence of new transnational corruption networks. Some important work has already started to be done in this area, such as that by Shelley and by Findley, Nielson and Sharman, referred to above. Not only do we need more studies in such a vein, but we also need to see them inform anti-corruption initiatives more directly. National level responses remain as primary battlefields, but concerted international efforts to address the ease with which corrupt money can flow across borders are also essential. Indeed, it is instructive in this regard to consider how the 1977 Foreign Corrupt Practices Act in the USA, a national-level response to concern over US companies engaging in bribery, came to act as a catalyst for subsequent efforts by both the OECD and United Nations to reconstruct corruption as a global problem.<sup>80</sup> Without similar international policy responses to tax havens, secrecy jurisdictions and other forms of complicity in money laundering operations, national level initiatives to prevent corrupt financial transfers risk being hamstrung. In fact, it is arguable that the development of transnational corruption networks, with their links to both international crime and to terrorism, represent the most urgent challenge the anti-corruption movement faces.

At the meso-level, we need to focus on corruption at the level of the nation-state, but also to move beyond mechanistic approaches to using

<sup>79</sup> See *ibid*, pp. 183–85.

<sup>80</sup> See Elitza Katzarova, ‘The World is Broken: The Social Construction of a Global Corruption Problem’, unpublished PhD dissertation, School of International Studies, University of Trento, 2015.

indices and rankings — particularly those that provide a single rating per country — as dependent and independent variables. That is not because such approaches have no value; on the contrary, we have learned a lot in recent years about the causes and consequences of corruption, understood *grosso modo*, and those parts of the world where it is endemic as opposed to sporadic or isolated. For all the disagreements about precise causal mechanisms, we can assert — with caveats — that corruption (especially bribery) is more deeply embedded in less developed parts of the world; that it tends to be linked with less effective and poorer performing political and administrative institutions; and that it is also associated with poorer outcomes on most measures of quality of life, though not necessarily overall levels of inequality. But there is probably little more that we can usefully learn in this vein. Instead, what we need to understand in more detail is how and why it takes particular forms in different countries, and how its specific manifestations have developed in given settings. That is, within individual countries, we need to understand better the relationship between historical development paths, institutional configurations, socio-economic organization and particular corruption issues.

There is already some important work that has started to address such questions, and it is notable that much of it does not deal with corruption per se, so much as forms of governance,<sup>81</sup> as evidenced in the above-cited work by Acemoglu and Robinson, or in Rothstein's recent work on the quality of government.<sup>82</sup> In this book, Rothstein focuses on particular trajectories that have affected the quality of government (understood in his terms as referring primarily to impartiality in the exercise of power) to demonstrate that we need to understand how and why (in)efficient institutions become established in spite of what large-*n* analyses might lead us to expect about the relationship between democracy and economic growth. One of his chapters provides a striking case study of how Jamaica and Singapore have followed dramatically different trajectories in spite of strong similarities in their post-independence starting points in the early 1960s.<sup>83</sup> In similar vein, Mungiu-Pippidi looks at different historical paths to corruption control approaches in a range of countries, focusing on the

<sup>81</sup> Following the World Bank definition of 'governance' as entailing: i) the form of political regime; ii) the process by which authority is exercised in the management of a country's economic and social resources for development; iii) the capacity of governments to design, formulate and implement policies and discharge functions. See World Bank, *Governance: The World Bank's Experience*, Washington, D.C., 1994, p. xiv.

<sup>82</sup> Rothstein, *Quality of Government*.

<sup>83</sup> *Ibid.*, ch. 9, pp. 193–206.

competing claims of structural, institutional and equilibrium models and exploring in depth several contemporary ‘achievers’: Chile, Uruguay, Estonia, Botswana, Taiwan and South Korea.<sup>84</sup> What emerges from these various studies is that we need to explore combinations of issues, and interdependencies between them, not least because ‘control of government in a society has to be understood as a complex balancing act rather than as a group of separate factors determining corruption’.<sup>85</sup>

In practical terms, this means we also need to understand the interdependencies between the transnational developments highlighted in the previous section, and the reality of how nation-states are organized in practice. Increasingly, we are likely to witness the emergence of multiple challenges to the formal models of governance within a given state, both from national and from transnational actors — in particular, challenges driven by demographic factors (‘youth bulge’, un- and under-employment), political crises (declining trust in the political class and institutions, exacerbated by issues such as migration flows into Europe), economic uncertainties (market volatility linked to geopolitical tensions) and their interaction with the rent-seeking opportunities that have expanded through globalization.<sup>86</sup> We therefore need more nuanced, detailed and sophisticated analyses of what local practices are understood as being corrupt, how they change over time, and what their organization looks like in given states.

Some twenty years ago, Cartier-Bresson explored the emergence of institutionalized socio-economic networks of corruption.<sup>87</sup> Such networks offer a system of hybrid co-ordination for the exchange of goods and services, which may be economic, political, social, symbolic and so on. Equally, networks establish standards — usually non-monetary and non-material — that manage such exchanges and engender values systems that are not reducible to market relationships. Cartier-Bresson stressed the need to explore how different organizational forms foster particular types of corruption and encourage individuals to join corruption networks rather than abide by the law. In a somewhat similar vein, though from a different disciplinary perspective, Ledeneva has explored informal networks in

<sup>84</sup> Mungiu-Pippidi, *Quest for Good Governance*, chs 3–5, pp. 57–160.

<sup>85</sup> *Ibid.*, p. 129.

<sup>86</sup> See Jack Goldstone, Eric P. Kaufmann and Monica Duffy Toft (eds), *Political Demography: How Population Changes are Reshaping International Security and National Politics*, Oxford, 2012; David Held, ‘Climate Change, Migration and the Cosmopolitan Dilemma’, *Global Policy*, 7, 2016, 2, pp. 237–46.

<sup>87</sup> Jean Cartier-Bresson, ‘Corruption Networks, Transaction Security and Illegal Social Exchange’, in Paul Heywood (ed.), *Political Corruption*, Oxford, 1997.



Russia. In a series of important studies over recent years,<sup>88</sup> she has explored methods of informal governance to describe how power networks substitute the role of formalized vertical structures in the provision of public goods like security, justice and health. Describing '*sistema*' as the reality of how things get done in post-socialist Russia, Ledeneva identifies different kinds of network that have built up around Vladimir Putin, including an inner circle, core contacts, useful friends and mediated contacts. The key point is that informal governance and networks undermine the core characteristics of a democratic state: in particular, the rule of law and properly functioning autonomous state institutions. Moreover, globalization has reinforced informality by opening up new opportunities and increasing the opportunity costs of trying to operate outside the '*sistema*'. As Ledeneva indicates, the kinds of institutional reform derived from principal-agent understandings of corruption would be highly unlikely to achieve any purchase within the contemporary Russian state.

The meso-level approach draws more attention to specific sectors, in order to understand better the modalities of corruption and corruption-related risks in key areas. Although there have been some attempts to explore the link between particular sectors and corruption (notably, for example, public administration, the energy sector, the judiciary, defence and security and so forth), these have often taken the form of seeking to account for the extent or overall level of corruption within a given polity. What is needed now is a more detailed understanding of how and why corruption takes place within these sectors: what it looks like in practice, what particular characteristics it has, and how we can better identify risks. It is remarkable that in the latest version of Matthew C. Stephenson's compendious bibliography on corruption and anti-corruption, which runs to some 337 pages, just twenty entries specifically reference corruption and infrastructure, ten reference corruption and construction, and sixty-one reference corruption and procurement, despite these being prime locations of corrupt exchanges.<sup>89</sup> Items on other key sectors such as parliament,

<sup>88</sup> Alena Ledeneva, *Russia's Economy of Favours*, Cambridge, 1998; Alena Ledeneva, *How Russia Really Works: The Informal Practices That Shaped Post-Soviet Politics and Business*, Ithaca, NY, 2006; Alena Ledeneva, *Can Russia Modernise? Sistema, Power Networks and Informal Governance*, Cambridge and New York, 2013.

<sup>89</sup> Matthew C. Stephenson, 'Bibliography on Corruption and Anti-Corruption', February 2016 version at <<http://www.law.harvard.edu/faculty/mstephenson/2016PDFs/Stephenson%20Corruption%20Bibliography%20Feb%202016.pdf>> [accessed 3 March 2016]. The bibliography, which is regularly updated, currently contains something in the order of 4,000 items. Several hundreds of these relate to 'growth', 'bribes/ry' or 'development'.

bureaucracy, health, education and utilities number in the tens, and there are just five entries that deal specifically with private sector involvement in corruption. Studies of the media and corruption focus overwhelmingly on its watchdog role in revealing scandals, but there is a dearth of work on corruption *within* the media, or its role in shaping understandings and framing debates about corruption,<sup>90</sup> or on the relationships between media owners and other key players in the post-modern state.

This brings us to the third, micro-level, approach that can deepen our understanding of how corruption operates in the contemporary world. Here, the focus should be on how and why individuals engage in various different kinds of corruption, moving beyond the basic incentives-based model of instrumental rationality that has underpinned much economic analysis.<sup>91</sup> We need a better understanding of how corruption is experienced and understood within specific contexts, what motivations and strategies lie behind an individual's decision to engage in a corrupt act, and how corrupt networks develop and sustain themselves. There have been some promising developments in the literature and again much of it is focused on the post-Communist states. A relatively early example is the study by Miller, Grødeland and Koshechkina, which looked at how ordinary citizens cope with government in Ukraine, Bulgaria, Slovakia and the Czech Republic, exploring the quality of democracy in these four countries and how it impacted on individuals' day-to-day dealings with officials.<sup>92</sup> Their study — based on focus group discussions and in-depth interviews with members of the public and junior officials, supported by large scale surveys — underlines the complexity of that relationship, and of the motivations that underlie individual actions.

A more explicitly qualitative approach has been adopted by Torsello and his colleagues, using ethnographic approaches to analysing corruption

<sup>90</sup> A notable exception is the recent work by Paolo Mancini under the auspice of the European Union Framework 7 programme, ANTICORRP (Anticorruption Policies Revisited), looking at how corruption is reflected in the media, what trends emerge in corruption coverage and how they are related with national and international strategies against corruption. See <[http://anticorrrp.eu/work\\_packages/wp6/](http://anticorrrp.eu/work_packages/wp6/)> [accessed 7 March 2016].

<sup>91</sup> For a recent example of the continued prevalence of such an approach, see Benjamin A. Olken and Rohine Pande, 'Corruption in Developing Countries', *Annual Review of Economics*, 4, 2012, pp. 479–509: 'we find fairly robust evidence that corrupt behavior can be modeled in line with a few general economic principles: corrupt officials respond to monitoring and punishments as one would expect from basic incentive theory, and standard market forces influence the level of bribes.' For an alternative approach, see Ajit Mishra, *Incentives, Norms and the Persistence of Corruption*, Dundee Discussion Papers in Economics, No. 161, University of Dundee, 2004.

<sup>92</sup> William L. Miller, Åse B. Grødeland and Tatyana Y. Koshechkina, *A Culture of Corruption?*, Budapest, 2001.

within public administration in a range of countries, including Hungary, Bosnia, Russia and Kosovo. This work emphasizes the importance of looking at a variety of explanations to understand how corruption becomes embedded at societal level, exploring how the process of signification of corruption is shaped and influenced by cultural perceptions of integrity:

because there are different local explanations to corruption and its related phenomena (clientelism, nepotism, trade of influence, abuse of office, illegal gift-exchanges and so on), corruption is extremely resistant to eradication and ultimately it is adaptable to institutional development and reform. [...] [H]ow the benefits of corruption are understood differs significantly according to the social and cultural norms and values that instruct citizens to perceive the real salience of corruption in their everyday life.<sup>93</sup>

The micro-level emphasis on the individual values and motivations that underpin the decision by citizens either to engage in or to resist corruption is complemented in the work of Zinnbauer, who looks at ‘ambient accountability’. That is, he seeks to understand how people shape, use and engage with the built environment and public places and explores design interventions that can help citizens identify and exercise their rights.<sup>94</sup>

In addition to these kinds of analyses, we also need more carefully targeted quantitative and experimental approaches. In particular, social psychological research would be valuable to help understand the interactions that help influence individual decisions to engage in corrupt exchanges. In a recent article that bemoans the lack of social psychological research on corruption, in marked contrast to the rich body of work on deviance and rule-breaking more generally, Zaliznaya<sup>95</sup> calls for the application of interactionist social psychology to three micro-sociological questions: what are the collective roots (rituals, traditions, institutions) of beliefs that are favourable to corruption; what are the communicative processes through

<sup>93</sup> Davide Torsello, Maria Giulia Pezzi, Elena Denisova-Schmidt, Nita Luci, Zaira Tiziana LoFranco, Muhittin Acar and Claudia Baez-Camargo, ‘Outcomes of Ethnographic Research Conducted in Italy, Hungary, Bosnia, Turkey, Kosovo, Russia, Tanzania, Mexico’ (ANTICORRP Deliverable WP4.2) 2015, available at <<http://anticorrrp.eu/publications/outcomes-of-ethnographic-research/>>. See also, Davide Torsello (ed.), *Corruption in Public Administration*, Cheltenham and Northampton, MA, 2016.

<sup>94</sup> Dieter Zinnbauer, ‘“Ambient Accountability”: Fighting Corruption When and Where it Happens’, SSRN, 2012, available at <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2168063](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2168063)>.

<sup>95</sup> Marina Zaliznaya, ‘The Social Psychology of Corruption: Why It Does Not Exist and Why It Should’, *Social Compass*, 8, 2014, 2, pp. 187–202.

which individuals acquire their definitions of (in)appropriate behavioural patterns; and what are the particular contextual cues that evoke different beliefs about corruption. Whilst recognizing the practical challenges of such research, Zaliznaya is withering about the assumptions of strategic instrumentality that underpin so many current approaches to analysing corruption, arguing that:

It is precisely in the contexts that lack Western-style bureaucracies, have flexible boundaries between public and private domains, and rich legacies of gift and exchange economies, that dominant neoliberal approaches to corruption tend to yield inaccurate and culturally insensitive conclusions.<sup>96</sup>

Whilst symbolic interactionism is hardly likely to resolve the kinds of issues outlined in this article, it may — in collaboration with a range of other insights and approaches drawn from a range of different disciplinary traditions — help us to develop a more nuanced, complex and realistic way of both understanding and combating different forms of corruption at an appropriate scale and level.

### *Conclusion*

This article has argued that three main reasons explain the mismatch between the academic attention devoted to corruption over the last quarter-century and its limited practical impact. First, the dominance of economic analyses of the role of incentives in decision-making has given rise to proposed institutional fixes that are too abstracted from reality to gain purchase. That dominance was partly prompted by a misplaced assumption that market-based liberal democracies would become the modal regime type following the collapse of Communism. Second, an emphasis on the nation state as the primary unit of analysis has not kept pace with significant changes in how some forms of corruption operate in practice, nor with the changing nature of states themselves. Third, different types of corruption are insufficiently disaggregated according not just to kind and form, but also to the locations in which they occur (sectoral, organizational, geographical), the actors involved, and the dependencies that enable them. This reflects an overuse of the term ‘corruption’ in both academic literature and policy recommendations; insufficient attention is paid to what exactly is being addressed and ultimately, the notion of corruption, without adjectives, is a poor guide both to analysis and to policy prescription.

<sup>96</sup> Zaliznaya, ‘Social Psychology of Corruption’, p. 188.

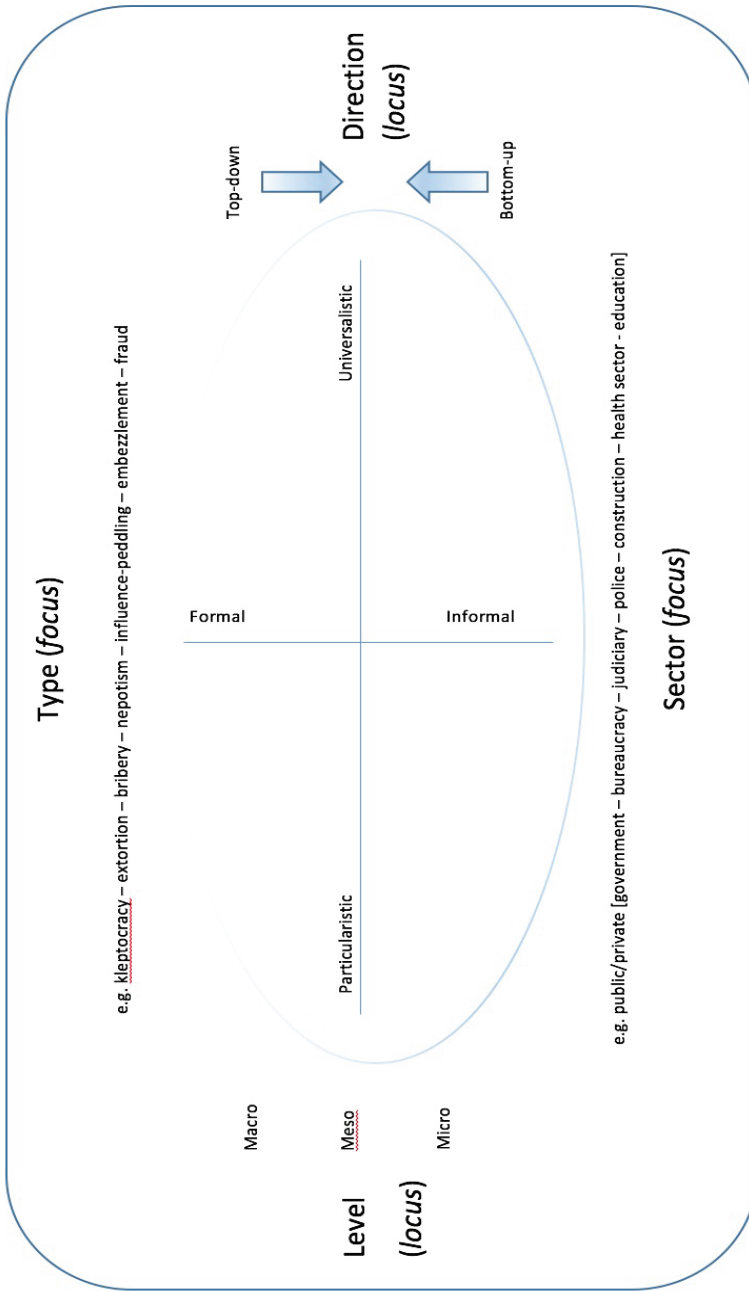
Although it is widely recognized in the literature that corruption is not just one thing, such recognition has often not been translated into research design. In particular, many recent large-*n* studies have in practice used an undifferentiated concept of corruption to serve as either a dependent or independent variable, seeking to explain a host of specific failings across a very wide canvas. Moreover, where there have been attempts to disaggregate corruption, these have often proposed bipartite, rather than graded, classifications (grand/petty, political/bureaucratic, need/greed and so forth). In practice, corruption is a *much* more complex phenomenon than such dichotomous approaches can conceivably capture. Indeed, it follows from the arguments outlined in this article that the notion of corruption incorporates at least four significant dimensions that should inform analysis, two of which relate to focus and two to locus (see Figure 1).

First, we should be much clearer when discussing corruption what specific type we mean: there are important differences, for instance, between kleptocracy, bribery, influence-peddling and so forth, not just in how they operate, but also in which actors and what kinds of resource exchange are involved. Too often in the research on corruption, there is a rhetorical acknowledgement of these different types followed by unreflective conflation of them in practice through reliance on aggregate indicators.<sup>97</sup> Second, we should specify in what particular sector the corruption in question takes place and, therefore, which constellations of actors are involved — as well as any relevant interactions and dependencies that serve as enablers. Third, we need to be more aware of the level at which any specific type of corruption is operating, whether it be a complex transnational network allowing shell companies to launder huge sums of money, for instance, or a network of local law-enforcement agents taking advantage of their position to secure non-monetary favours. Fourth, we should look more closely at the direction of corruption, in terms of the role of culture in relation to values, attitudes, norms, roles, rituals, framing mechanisms and how they help shape particular manifestations of what behaviours are understood as corrupt in different contexts.

Interacting with these four dimensions are two further considerations that should have a significant impact on how we analyse different forms of corruption and develop strategies to combat them. First, in any given

<sup>97</sup> I recently received an email from a PhD student (based at another institution) in relation to the Corruption Perceptions Index prior to 2012: 'I was hoping you could answer a question for me. As the nature of the CPI does not allow year to year comparisons and TI itself says it is inappropriate as time series data, why is it that all academic studies use the data in this manner when looking at the effects of corruption on economic growth or investment or so on?'

Figure 1. Four dimensions of corruption



jurisdiction, we need to assess the extent to which public services are managed and delivered on a more universalistic or a more particularistic basis, recognizing variation in different sectors is possible. Second, we need to assess the extent to which regimes are organized and operate in line with formal or informal practices, and how that has been shaped by the various developments associated with globalization. In short, whenever we are confronted with any analysis that refers to 'corruption' — particularly when corruption is defined as the abuse of entrusted power for private gain — we should ask: what kind of corruption is it; where is it taking place; who is involved; what are their motivations; who/what is needed to allow it to take place; what level does it operate at; what sectors are implicated; what are the key interdependencies; how does it relate to the broader social context? Without clear answers to these kinds of question, it will remain difficult to develop interventions that have an impact on the lived reality of specific instances of actual corrupt practices, as opposed to generic observations about which places are more corrupt than others.