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Gjalt de Graaf
Patrick von Maravić
Pieter Wagenaar (eds.)

The Good Cause

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Gjalt de Graaf, Patrick von Maravić, Pieter Wagenaar
Amsterdam & Friedrichshafen, May 2010

Foreword

If only corruption were confined to occasional lapses in personal integrity, we might be able to come to terms with it. But, alas, it assumes countless forms with multiple causes and unintended consequences, some of which are quite severe and irreversible. Theorizing about it much resembles exploring a complicated maze replete with dead ends and surprising turns enough to frustrate the hardiest venturer. The quest, like so many other puzzles in the social sciences, is to better understand ourselves, in this case, to discover why people and organizations act counter to what they profess in public to be their cultural ideals. What they do quite openly too belies what they claim they hold dear in their hearts. This is not necessarily just putting themselves first above everything else or acting purely in their own self-interest. They prize collective survival, stability, and security even higher, and in the pursuit, preservation and protection of these ultimate values, they act pragmatically. They become devoted to good (in their own eyes) causes that justify (to themselves) their use of questionable means. They come to believe in advances and innovations that get around obstructive social norms and resistant institutions. In short, they see themselves as enlightened, not just villains, deceivers, evil-doers, and immoral egoists in the eyes of others.

Theorizing about corruption, like theorizing about most things, is a hazardous venture but probably even more so. It requires speculation and conjecture, conclusive proof based on the evidence, and universal acceptance. Speculation can be wide of the mark. Accumulated facts can be quite deceptive and misleading. Universal acceptance can be impossible to achieve given the variety of belief systems that exist at any one time. This is the case in virtually every field of research, even in such successful disciplines as mathematics, physics, astronomy, and medicine where the human senses have been fortified by wondrous inventions of detection and total objectivity. The social sciences lag so far behind these, and still lack such sophisticated tools as the physical sciences now possess. Furthermore, the more social scientists delve into human behavior, the more complications arise and the more contradictions appear. This complexity just clutters up the picture even more.

The virtue of theorizing is that it strives to reduce the confusion, to simplify the evidence, to discard the obsolete and unverifiable, and to incorporate new thinking. In fast changing times, it is important once in a while to pause and stand back to see what has been achieved and what still needs doing to overcome ignorance.

Of all topics, corruption is one of the most elusive despite being around since the dawn of civilization, and is likely to persist as long as human beings are imperfect. For much of its existence, it has been a taboo topic in polite society because of its uncomplimentary nature. Its content has changed in time and if anything seems to have expanded although what is known still constitutes only a fraction of what exists. It arouses so much emotion that few can remain as objective as they would like, as few can avoid bringing with them their internal beliefs, and hold fast to ideas and notions based oftentimes on pure speculation. If this were not enough to confuse and baffle the best experts, the closer researchers get to specific forms of corruption the more they resemble the parable of the blind men and the elephant, that is, by concentrating only on one part (psychological, sociological, economical, political, religious, cultural, legal, administrative), they fail to see the whole and thereby oversimplify. To put things in their proper perspective, they need to step back a little and interact more with specialists in other fields.

Despite their differences, the theorists of corruption acknowledge that they share the unavoidable ambiguity of its essence. Throughout human history, human behavior has been judged as being good or bad, right or wrong, fair or unfair, just or unjust, beneficial or detrimental, ethical or unethical, honest or corrupt. By corrupt, people refer to conduct that is objectionable, conduct that they resent, deplore and disown, and those found guilty of such conduct ought to be ashamed of themselves, ostracized, and punished if only to deter others from indulging in like behavior. In principle, corruption is unacceptable, disgraceful, and a breach of social conventions. The difficulty is that universality is rare. At its core, there has been some agreement over the ages embodied in the Golden Rule of most religions, i.e. treat others as you would want them to treat yourself, or, the opposite and less idealistic, don't do to others that you would not want them to do to you. In addition, there is specific misconduct or misbehaviors, such as deceit, misrepresentation, misappropriation, misuse of authority, and neglect of commonly accepted duties and obligations. To this list has been added much of what is now considered hateful, and similar unworthy acts that denote flaws of individual integrity and trustworthiness, acts that are considered sinful, unlawful, and criminal, altogether disreputable and offensive, by taking into account not just the act itself but also likely motivation (self-seeking), evident consequences (disastrous), and probable remorse (regret coupled with offer to compensate). So what constitutes corruption can be drawn as narrowly or widely as anyone wishes but all of this is fair game for research. What further unites theorists is the recognition that research into corruption is not exactly welcomed, en-

couraged, or supported, that theorists are held at arm's length, that their motives are suspected, and there may well be personal risks and repercussions if they delve too deeply and reveal too much about corrupt activities.

What most divides the researchers and theorists is that too often they are rebuffed or ignored not just by the indifferent at large but by their own soul mates. If this were not so, there would be less room for debate and dispute among them. Most people understand that corruption is a fact of life everywhere (and in some places even a way of life). They take it for granted whether or not they indulge in it themselves or want to do anything about it. Revelations come really as no surprise unless the scandals are gross and unsuspected in which case they can be quite titillating and entertaining, but hardly truly shocking. Otherwise, most people just shrug their shoulders and quickly forget until the next revelation of misconduct. To do anything more is like banging one's head against a wall. But most theorists resent this indifference. They want their findings, propositions, and recommendations to be heeded and acted upon. They want in their heart of hearts to be influential on a par with their counterparts in the physical sciences who no longer face the risks of prying into matters that should not concern them as they once did. The theorists have not given up on their ideals, no matter how strongly held or tepid and abstract these might be. For them, reason remains authoritative. Its purpose is not just to know things but to change them, to improve on what exists, to demand better of human behavior, and to enhance individual integrity. Keep this in mind while reading this contribution on the state of the art.

Gerald E. Caiden, Los Angeles, September, 2009

Chapter 1:
Introduction: Causes of Corruption – The Right Question or the Right Perspective?

Gjalt de Graaf, Patrick von Maravic, and Pieter Wagenaar

1. Introduction

What causes corruption? Although no one would dispute how difficult that is to answer, the question is perfectly clear. Isn't it? Well… no. *The Good Cause* is more about the *question* than an attempt to answer it.

A first difficulty is defining the explanandum. What do we mean by corruption? In our daily language and across the many academic disciplines that study corruption, the definitions are numerous. The norms defining what corruption is (or integrity for that matter) vary across both societies and academic disciplines.

But more than the concept of corruption is troublesome to the question. As stated by Caiden, Dwivedi, and Jabbra (2001: 21), '[j]ust as there are many varieties of corrupt behavior, so there are multitudinous factors contributing to corruption (…) So many explanations are offered that it is difficult to classify them in any systematic manner.' Heywood (1997: 426) adds that '[t]he complexity of the phenomenon makes it impossible to provide a comprehensive account of the causes of political corruption'. Caiden, Dwivedi, and Jabbra (2001: 21-26) list sources of corruption as psychological, ideological, external, economic, political, socio-cultural, and technological. But factors that contribute to corruption are, of course, not *causes* of corruption. 'In sum, corruption can be attributed to almost anything (…). But while the opportunities exist everywhere, the degree of corruption varies widely among individuals, public agencies, administrative cultures, and geographic regions' (Caiden/Dwivedi/Jabbra 2001: 26). Fijnaut and Huberts remark: 'Research shows that a conglomerate of social, economic, political, organizational and individual causal factors are important to explain cases of public corruption' (2002: 8).

More than corruption's multiple factors make the question difficult: there is also disagreement on what constitutes cause in scientific theory (see Gerring 2005; Tilly 2000). We can think, for example, of a well-known, clear corruption case and ask, *why* did it occur*?* To answer, we would first have to ask *what* we want to know. Do we mean, why did the case start? If so, we are looking for the immediate causes and circumstances of the corrupt transac-

tions and decisions, the corrupt acts themselves. Or do we want to know why the case continued over a period of time and in connection with other cases? If so, we are more interested in why a specific official had the readiness to become corrupt. Perhaps we want to know why this particular corruption case occurred rather than not. Were there alternatives for the corrupt official(s), or were they in some way forced to do what they did? Was corruption, given the causes and conditions, their only course of action? This raises the debate on determinism versus free will. Maybe we are looking for the causes of the particular case of corruption, the issue that gets most attention in corruption research. In this context, are we interested in the causes external to the corrupt act itself? The first is the most popular in the literature – not surprisingly, since social sciences usually deal with concepts (see for example Geddes 2003; Gerring 2001; Moses/Knutsen 2007) rather than processes and thus 'freeze' reality (Schinkel 2004: 8). Corruption is then studied in an abstract sense, looking for the governing laws of corruption at a micro, meso or macro level. Another possible interpretation of the *why* question is: are you interested in the reasons and motives for the official(s) to become corrupt? This brings us to an issue often raised in philosophy, that is, whether reasons for action can or should be seen as causes of action and, if so, in what sense can they be treated (Schinkel 2004: 8).

2. Causality and corruption

A core subject of social sciences is understanding causal relations and explaining 'phenomena in the world of our experience' (Hempel/Oppenheim 1948: 135), which means nothing more than answering one of the now famous 'why' question. The concept itself, however, is subject to debate and throughout the history of scientific discovery highly contested (Mackie 1985). Two fundamental positions seem to divide the issue. Positivists argue in the unitary or *logical deductivist* tradition of Hempel and Oppenheim: all causes need to be understood according to 'general laws', be a 'logical consequence of the explanans', and the explanans must be empirical in nature insofar as they can be tested or observed (Hempel/Oppenheim 1948: 137). Pluralists, on the other hand, challenge the view of 'invariant universal[s]' (Tilly 1995: 1597) laws and argue instead that different types of causes, which are not necessarily commensurable, exist (Gadenne 2001: 1562). For example, Mr. Adams, a senior civil servant, accepts a bribe because he is heavily in debt. But he could have taken the bribe in any case, so that owing a large sum of money was not necessary to acting in a corrupt manner. Multi-causality is normal rather than exceptional. As the least common denominator of a definition of cause, Gerring (2005: 169) suggests defining causes as 'events or conditions that *raise* the *probability* of some outcome occurring', which implies a *ceteris paribus* condition.

In the philosophy of causality, an epistemological and an ontological tradition can be distinguished (Schinkel 2004). In the first tradition, a cause is the coinciding of phenomena where, because the cause always precedes the consequence, a belief exists that there is a cause (Hume 1990/1739). This kind of causality cannot be found in any scientific theory on corruption, however, because no cause can be identified that *always* coincides with the consequence 'corruption'. This leads all too often to confuse correlation with causation. Causes identified in corruption research are not assumed always to lead to corruption. The so-called necessity criterion, often named as a criterion for causation (if A is the cause of B, B must occur when A occurs) is such a strong one that it is not used in corruption theories, which makes corruption studies not too different from other social analyses.

In the ontological tradition, causality is seen as something that actually happened. In social science this is often hard to identify, so neither is this very helpful in corruption research. For example, in what way does GNP or leadership exist, and how can it cause a particular corruption case? Bourdieu has warned against ascribing intrinsic aspects to social phenomena since it would amount to naturalizing something that is socially constructed (Schinkel 2004: 14). An often-noted and general problem for corruption research is that individual corruption cases are rarely being studied; the identified causes, therefore, are not *triggering* but most often *predisposing*. This makes it difficult to explain corruption.

3. Theories of the causes of corruption

Taking these remarks as a departing point, in the following chapters we will seek to identify different theories and schools of thought and analysis (which can but do not necessarily map to disciplines) to understand their way of conceptualizing the causes of corruption. Having mentioned the problem of defining the explanandum in the beginning of this chapter, which *is* the cause of corruption, the remainder of this chapter focuses on the *theories* of the causes of corruption. How are causes of corruption theoretically framed? Understanding how different theories define, conceptualize, and eventually deduce policy recommendations will amplify our understanding of the complexity of corruption and illustrate the spectrum of possibilities to deal with it analytically as well as practically.

Corruption is a much-debated subject in both popular and in scientific discourses (see for example Heidenheimer/Johnston/LeVine 1989). Relevant research from a variety of scientific disciplines by a variety of scholars has steadily accelerated in the last decade. The economic approach (e.g. Kaufmann/Kraay/Zoido-Lobatón 2000; Klitgaard 1991; Lambsdorff 2007; Rose-Ackerman 1978, 1999, 2006; Treisman 2000) is arguably the most dominant but certainly not the only scientific discourse on corruption.

A glance at the growing number of different scientific studies on corruption leads to more questions than answers. Confusion exists in the literature even *within* specific scientific disciplines. Which anti-corruption methods work best under what circumstances? The answer is equivocal. It seems that the theoretical model chosen to research corruption largely determines the direction of the proposed solutions. Different causal chains lead to different discourses on corruption prevention and control. Problems with comparisons of the different perspectives and attempts to come to an accumulated body of knowledge are hampered by the sometimes very different theoretical underpinnings. Confusion starts with the perspectives using different conceptualizations of corruption. Our motivations for this book stem from a need to help clear the confusion and the hope of uncovering less prominent theories of the causes of corruption. 'Outmoded' conceptions of the causes of corruption may help amplify the analytical and policy spectra, informing parties in both domains.

The main question of this book is: *how are the causes of corruption studied?* The more we know about the causes of corruption, the better we can choose the policy instruments to combat it. The more we know about the policy instruments (dominantly) used and recommended the more we need to know about the underlying *conceptions* of the causes of corruption.

The book presents the state of the art in a comparative study of the causes of corruption. Different authors in the field of corruption analysis from different schools of thought shed light on the issue of corruption from different theoretical perspectives. Corruption is currently studied within *different disciplines* and from different theoretical perspectives (Alemann 2005). Criminology, sociology, philosophy, public administration, economics, political science, history, and psychology, for example, may have within them a rather narrow set of theories and research methods that do not communicate well with each other. Part of the problem seems to be the different conceptual and theoretical starting points of the disciplines, leading to a 'dialogue of the deaf'. By making these differences explicit, *The Good Cause* will further the important project of making the different corruption discourses intelligible to each other within academia. Obviously, certain theoretical perspectives enjoy at a certain place and time more prominence than others. This book aims to emphasize that (1) each theory has its strengths and weaknesses, and (2) the most prominent or hegemonious theory in practice and academia (such as the economics of corruption in the last twenty years) is not necessarily the analytically strongest or most useful one. Taking account of the (dis)advantages of different theoretical perspectives, such as structural functionalist theory, new institutional economics of corruption, criminological, postmodern, and systems theories, and others could therefore help analysts as well as practitioners be aware of the blind spots in developing policies to fight corruption and push researchers towards *interconceptual* analysis. *The Good Cause* takes into perspective what has been done so far in conceptualizing and em-

pirically studying the causes of corruption and what needs to be done in the future.

4. Academic corruption discourses

The variety of scholarly disciplines within which corruption is studied results in several academic discourses. Hoetjes (1977), a scholar studying development administration, distinguishes four such clusters of corruption theories: Weberian ideal-typical, structural functionalist, institutional economics, and ecological. Since Hoetjes's dissertation on corruption in India, however, other academic corruption discourses have come into being. To the four clusters we therefore add system theoretical, institutional design, post-positivist, and criminological perspectives. Let us briefly introduce the eight perspectives.

1. The *Weberian-idealtypical* approach (see Rubinstein/von Maravić, chapter 2) sees corruption as a lack of rationalization of the public service. To its proponents it is a phase on the route from patrimonialism to rational legal authority (Hoetjes 1977: 53-55; Hoetjes 1982: 65-67; see e.g. Rubinstein 1983). Loopholes exist in the not fully developed bureaucratic system for corrupt acts to occur.
2. The *structural functionalist* approach (see de Zwart, chapter 3) looks at society as a collection of coherent systems in which all societal phenomena have a function. Structural functionalist-inspired scholars therefore ask themselves which function corruption fulfills in a certain society (Hoetjes 1977: 55-57; Hoetjes 1982: 67-69). 'Brokerage', for example, is such a function when corrupt officials facilitate action between the central and the local levels (Blockmans 1988; Campbell 1989: 334; Huiskamp 1991, 1995). Corruption can serve to tone down unduly harsh laws (McFarlane 1996: 58-59) or provide protection and influence for social groups with material wealth but little or no political power (Waquet 1992: 62). The most elaborate example of a structural functionalist approach to corruption can be found in Fred Riggs's theory of the prismatic society (Riggs 1964).
3. Adherents of the *institutional economics* approach (see Rose-Ackerman, chapter 4) see corrupt officials as rational utility maximizers who simply take the most profitable course of action (Hoetjes 1977: 57-60; Hoetjes 1982: 69-71; Klitgaard 1991; Lambsdorff 2007; Rose-Ackerman 1978). Rose-Ackerman says of this style of analysis, '[i]n a study of corruption, one can make substantial progress with models that take tastes and values as given and perceive individuals as rational beings attempting to further their own self-interest in a world of scarce resources' (Rose-Ackerman 1978: 4). Rose-Ackerman's work on the causes of corruption within or-

ganizations gives us a first idea for exploring the topic. Her conclusion is that each organizational structure is vulnerable to exploitation by unscrupulous officials but the structures vary with respect to the *locus* of corruption (1993: 817). Rose-Ackerman argues that the structure of the bureaucracy determines the discretionary power of an actor and the expected costs of accepting a bribe (1993: 803). As new forms of administrative systems emerge, the question of where to identify potential risks of corruption in the systems is relevant to a better understanding of the situation. The institutional economics approach consists of several subtheories and -streams such as rent-seeking and transaction cost theory (e.g. Lambsdorff 2002a, b).

4. The *ecological approach* involves combining micro, meso, and macro levels of corruption research. Mackie's (1985) INUS (Insufficient but Necessary part of an Unnecessary but Sufficient) conditions play an important role in this approach. Huberts introduces a similar concept in the *multi-approach* (see Huberts, chapter 9).
5. *System theory* is Niklas Luhmann's (cf. Brans/Rossbach 1997) approach to corruption (see Hiller, chapter 5). Society is divided into separate, self-referential, autopoietic value systems. Corruption results from overlapping systems, for instance, when values from the economic system penetrate the legal or political system (Luhmann 1995a), resulting in the abuse of another system's logic ('Sinnlogik'; Hiller 2005: 61).
6. Adherents of the *institutional design* of political systems (e.g. Gerring/Thacker 2004; Johnston 2005; Kunicova/Rose-Ackerman 2005; Manow 2005) approach believe that institutions shape behavior and that therefore some political systems are more prone to corruption than others (see Peters, chapter 6).[1] The study of the link between political institutions and ergo-political governance arrangements and corruption emphasizes the different impact of types of political systems. The core theoretical concept is grounded in the assumption of political competition, which

1 Unlike interest-based theories, *neo-institutional theories* emphasize the embeddedness of individual preferences and action in collective social settings (DiMaggio/Powell 1991: 11; Goodin 1996: 7). Individual behavior is shaped by rules, symbols, routines, norms, scripts, and templates (Hall/Taylor 1996: 15). Institutions therefore make behavior predictable by mitigating ambiguity and unpredictability in complex and dynamic social settings (March/Olsen 1989: 22-24). Actors follow rules they consider legitimate, i.e., those that have a shared understanding of what is right, true, reasonable, and good. Seeking identity or fulfilling the expectations and obligations "encapsulated in a role" (March/Olsen 2006: 689) is a central element in this theory. Instead of calculating the net benefit of alternative options, conformity or the logic of appropriateness explains decisions. Not consequence, likelihood, or value matter but "criteria of similarity and congruence" (March/Olsen 2006: 690). To act appropriately simply means to act in accordance with institutionalized practices of a collective. Corruption or deviance from accepted norms and standards occurs when institutions do not fulfill this "sense-making" function and therefore create uncertainty and disorder; the "aggregative" institution (March/Olsen 1989: 118, 137) itself starts to propagate to maximize the net benefit of alternative options.

emphasizes the ideal of elections as sufficient means of control and accountability. Such an analytical perspective seeks to explore disparate causal mechanisms such as openness and transparency, party competition, decision-making rules, or collective action problems. It often tries to explain political corruption with deficits of competition. Are parliamentary democracies more prone to corruption than presidential ones, or do unitary systems lead to lower levels of corruption than federal systems?

7. The *post-positivist* approach focuses on how corruption is socially constructed (de Graaf/Wagenaar/Hoenderboom, chapter 7). The American political scientist Michael Johnston has defined corruption as 'the abuse, according to the legal or social standards constituting a society's system of public order, of a public role or resource for private benefit' (Johnston 1996: 331-334). He invites us to investigate how the content of notions of abuse, public role, and private benefit are contested in specific places and at specific times. Johnston is interested in finding out how clashes over the boundaries between public and private, politics and administration, institutions and sources of power, state and society, private and collective interests, and the allocative limits of the market develop, because it is precisely during such conflicts that concepts such as integrity and corruption acquire their meaning (Johnston 1996). From such a cultural or constructivist perspective, corruption manifests as a specific type of social relationship. Its social meaning must be understood with reference to its social setting (Sissener 2001). Consequently, the meaning of deviancy varies from society to society and throughout history. There is neither a universal understanding of corruption (or nepotism or deviancy) nor are the phenomena grounded in the dark side of humans. Instead they represent social mechanisms to achieve solidarity between and within kinship groups (Tänzler 2007). According to this understanding, focusing on the perceptions of corruption reveals the social construction of reality. Empirical research therefore emphasizes the importance of narratives and arguments in understanding the subjective perspective of reality.
8. Those who take the *criminological* approach (Huisman/Vande Walle, chapter 8) are interested in individual corrupt officials and apply criminological theories to them. De Graaf and Huberts (2008) studied ten Dutch corruption cases and drew attention to the importance of the psychological make-up of the perpetrators involved. Corrupt officials in the Netherlands, it turns out, are often highly popular with their colleagues because of their openness and flair, and especially their ability to 'get things done'. They are usually males, whose orientation to problem solving rather than problem creating tends to make them valuable to their organizations. Yet it is precisely their unorthodox, results-oriented mode of operation that makes them cross the thin line between laudable and lamentable behavior.

The Good Cause is structured to allow the variously schooled authors to introduce you to their particular perspectives. They discuss the definition and models used within them, give examples of empirical studies, describe their research methods (for example, quantitative or qualitative), and evaluate their inherent strengths and weaknesses. Last, the authors review the perspectives' empirical insights to show what they add to the discussion at hand: the *question* of what causes corruption.

Chapter 2:
Max Weber, Bureaucracy, and Corruption

William D. Rubinstein and Patrick von Maravic

1. Introduction

Max Weber (1864-1920), the great German sociologist, was probably the most formative intellectual progenitor of the theoretical framework in which bureaucracy has been studied and approached during the past century, and has obvious relevance to our knowledge of corruption and corrupt practices.

It does not appear that Max Weber (1864-1920) wrote anything of a lengthy and considered nature about corruption in modern societies; his thoughts on this subject, in so far as they exist, appear to be contained in his views on bureaucracy and 'modernity'. In so far as Weber had a view of political or bureaucratic corruption, then, it is fair to term it an evolutionary one: corruption was the hallmark of an earlier, more 'primitive' stage of society, and would eventually vanish with the triumph of a professionalized bureaucracy. Weber's implicit views on corruption are chiefly contained in his writings on bureaucracy (Weber 1922) and, to a lesser extent, in his writings on the 'vocation' of politicians (Weber 1948).

Although Weber for the most part insinuates the notions of corruption and favouritism, the conceptual and empirical implications arising thereof will most certainly pique the interest of a student of corruption analysis. To trace the distinct Weberian perspective, our first section will characterize the time and *Zeitgeist* of Weber's writings in terms of nepotism and corruption in Europe and abroad; the second will link the historical evolution of a Weberian bureaucracy in England in the nineteenth century to cases of patronage and nepotism. And what will we learn? First, and as will be argued in the third section, a Weberian thinking about corruption must start with the distinction between three ideal types of domination (traditional, charismatic, and legal-rational) that form the basis for analysing the relationship between rulers and the ruled. Second, the Weberian perspective on corruption offers both (1) a lens for the analysis of systemic forms of corruption that have the character of a 'web of reciprocities', where corruption and its causes are located in the wider context of a specific form of domination and personal rulership (see Huberts, this volume); and (2) a concept of legal-rational order that lays the foundation for an explicit understanding of corruption, one which has the misuse of public power for private gain and deviance from legitimate order at its conceptual heart.

2. Weber and his time – The Dreyfus Affair, the Panama Canal Scandal etc.

Although Weber was well-informed on corruption in local American politics, to a certain extent, his silence is somewhat surprising, since there were, in Weber's lifetime, many corruption scandals in 'modern' societies of which he must have been aware. In France, the Panama Canal Scandal of 1889-92 brought the Third Republic to its knees, and is seen as paving the way for the Dreyfus Affair a few years later. In it, 104 deputies in the French Parliament (some sources claim 510 deputies) were accused of taking bribes to keep quiet about the financial difficulties of DeLessup's Panama Canal Company, which hoped to construct the Panama Canal, eventually built by the Americans. One of those accused of bribe-taking was Georges Clemenceau, France's wartime Prime Minister (Tombs 1996: 457). Some of those accused of bribe-taking were Jewish financiers, who were singled out for attack by the same sources on the French right as would launch the more celebrated Dreyfus Affair three or four years later. In supposedly incorruptible Britain, there occurred in 1912 the Marconi Scandal, in which four high-ranking Ministers in H.H. Asquith's Liberal government, among them future Prime Minister David Lloyd George, were accused of what would now be termed 'insider trading' in shares in the British Marconi Company, just before it was awarded a lucrative government contract for the construction of wireless installations around the British Empire. This affair became a *cause célébre* in Britain at the time; the four men were acquitted of any wrongdoing by a Parliamentary committee which voted along partisan lines. A number of other scandals involving government finance also occurred in Britain at this time (Searle 2004: 434-438). But Europe's corruption was obviously dwarfed by that which had occurred in the United States since the end of the American Civil War of 1861-65. American urban governments, in particular, became virtually synonymous with political 'bosses' and endemic bribery and the misappropriation of public money. Perhaps the most notorious corrupt American urban machine politician was William M. Tweed (1813-78), known as 'Boss' Tweed. He was the head of Tammany Hall, the Democratic party's machine's headquarters in New York. In 1870-72, just after the Civil War, Tweed and his allies stole a sum estimated at between $40 million and $200 million from New York City. They typically operated by inflating the cost of public works and pocketing most of this inflated sum. Their most notorious theft was that in the construction of the so-called 'Tweed Courthouse' in New York, which cost taxpayers $13 million, of which $10 million went into the pockets of Tweed and his friends. Tweed himself was eventually convicted and jailed, but this type of corruption certainly continued into the twentieth century, with cities such as Chicago, Jersey City, St. Louis, and Kansas City (among many others) becoming synonymous with corruption, kickbacks, and bribery. Many of these political 'machines' were built on the

votes of new non-English-speaking immigrants, who were provided with jobs and welfare benefits in exchange for political loyalty. The endemic nature of political corruption at the local (but not to the same extent or as blatantly at the national) level was remarked upon by many foreign observers of the American scene, who also noted the virtual abandonment of urban political life by 'respectable' old stock elite Anglo-Saxons, and the dominance of most urban machines by ethnic politics (See, for instance, Benson 1978: 17-88).

It is difficult to believe that someone as ubiquitously intelligent and well-informed as Max Weber was not well aware of the extent of *political* corruption in many 'modern' societies – although Germany itself appears to have been relatively free of such political corruption, or at least of notorious scandals emerging from accusations of corruption. Perhaps this is why Weber's explicit and implicit critiques of corruption were apparently confined to discussions of bureaucracy rather than of the political process and elections in 'modern' nations. Weber held a realistic view of 'machine politics' in the United States, which he toured in 1904 (Gerth/Wright Mills 1948: 14-18). He visited such cities as Chicago and St. Louis and was fully aware of the centrality of corrupt 'machines' to local politics, which he regarded as a necessary evil. He also believed that political 'spoils' would necessarily diminish with the professionalization of the civil service and of welfare provisions (Gerth/Wright Mills 1948: 18; Weber 1948: 110-111).

In so far as Weber had a view of political or bureaucratic corruption, then, it is fair to term it an evolutionary one: corruption was the hallmark of an earlier, more 'primitive' stage of society, and would eventually vanish with the triumph of a professionalised bureaucracy. America's apparent exception to this was the result of its anomalous position as a frontier society with extremely large numbers of impoverished immigrants from more 'primitive' societies in eastern and southern Europe, Ireland, and elsewhere, and would also eventually vanish.

3. Weber, Bureaucracy, and Corruption: How Accurate?

A number of points ought to be made about Weber's views on corruption. First, it is consistent with other evolutionary views of the progress of the state and society which appeared either at about the same time as Darwin's theory of evolution, or were influenced by it. In England, an analogous view to Weber's, at least by implication, was voiced by the famous English legal historian Sir Henry Sumner Maine (1822-88) in his 1861 book *Ancient Law*. In Maine's famous phrase, the evolution of laws in the Western world was 'from status to contract', whereby law by divine authority evolved into governance by aristocracies and then into formal law codes – a progression not dissimilar to Weber's celebrated 'ideal types' of authority (see below). Maine's view, as a major legal and academic authority in Victorian England

(he was Regius Professor of Civil Law at Cambridge University), also reflected the hegemony of laissez-faire capitalism and of free trade, which gained ascendancy in Britain in 1846, when the United Kingdom abolished all, or nearly all, tariffs and the high mark of Victorian England's prosperity and industrial zenith were reached. It also had something in common with the liberal ideology of Maine's contemporary John Stuart Mill, who argued that rationality and rational decisions could only grow out of the free and unfettered exchange of ideas and opinions. Weber himself had relatives in Manchester who were engaged in the cotton trade, and his brand of conservative liberalism, seldom associated with German politicians or intellectuals at this time, was probably influenced by his affinity with England and the English-speaking world. His 'Protestant ethic' theory also plainly saw an affinity between British, American, and German Protestant capitalists, and would perhaps implicitly deny the negative and sinister 'special path' to modernity which so many historians have attributed to twentieth-century Germany, albeit largely because of events which occurred late in Weber's life or, more emphatically, after he died in 1920. Another champion of a distinctly evolutionary view of human society was Karl Marx. In contrast to Weber and British evolutionary liberals, Marx would surely not have believed that political or bureaucratic corruption would diminish and wither away in time, at least in any capitalist society. While capitalists might well favour a system of laws whose trajectory was from status to contract, the very nature of capitalist society ensured the continuation of massive and even pervasive corruption, and the example of gross corruption in the United States and elsewhere would have come as no surprise to Marxist theorists, any more than would attempts by government contractors to succeed through bribery or any other improper means. A Marxist view of corruption in modern (pre-socialist) societies was distinctly less starry-eyed than a Weberian view.

Yet there is ample evidence that, broadly speaking, Weber was fairly accurate in his assessment of the gradual but steady diminution in bureaucratic corruption. This process is well illustrated in England, where a highly corrupt government infrastructure in the eighteenth century gave way to a governmental structure, and in particular a professional civil service, which were renowned for their impartiality and lack of corruption or corrupt practices. Britain during the eighteenth and early nineteenth centuries was dominated by a network of leading government office-holders and their close relatives who profited enormously and deliberately from government revenue. For instance, James Brydges, first Duke of Chandos (1674-1744), who was Paymaster of the Queen's Forces from 1705-13, made £600,000 – an astronomical sum – from taking a share of everything spent by the British government on the military during the War of the Spanish Succession. He is regarded as the earliest British millionaire, and was made a duke, the highest rank in the British aristocracy. As his entry in the *Oxford Dictionary of National Biography* notes, 'public office was regarded as a legitimate source of profits' at that

time, far beyond an office-holder's official salary. As late as the early nineteenth century, John Scott, first Earl of Eldon (1751-1838), Lord Chancellor (i.e., head of the British judiciary and a member of the Cabinet) in 1801-06 and 1807-27, amassed a fortune of at least £700,000 (around £70 million today) by receiving a percentage of all the legal fees coming through England's superior courts, far beyond his official salary. The period in British history down to the 'Age of Reform' in *c*1800-35 was marked by what is often termed 'Old Corruption', with vast perquisites and salaries coming to fortunate office-holders, often closely connected with the British aristocracy, often for holding positions with no duties and which were often absurd in nature. For instance, in the 1820s Lord Auckland, an aristocratic landowner, received a salary of £1400 *per annum* (about £140,000 today) as 'Vendue-Master at Demerara', in British Guiana, 'where he had never been,' as one radical critic noted, and another £1900 *per annum* as 'Auditor to Greenwich Hospital' for, in the words of this radical 'doing nothing.' (Rubinstein 1987: 275). Hundreds of similar examples existed at the time.

All of the historical evidence suggests that this world of 'Old Corruption' was thoroughly reformed by the 1840s, so that virtually nothing was left of it by the mid-Victorian period. A major landmark along the way was the Trevelyan-Northcote Report of 1853, named for the politician and senior civil servant who wrote it, which deliberately attempted to stamp out patronage in the British civil service, and recruit future civil servants through examinations. Its recommendations were enacted in stages between 1855 and 1870. It also became absolutely obligatory by that time that political office-holders such as Cabinet Ministers not profit in any way from their offices beyond their official salaries. By 1860 at the very latest, the kind of gross profiteering from office made by the Duke of Chandos or Lord Eldon had become illegal. In fact (and notwithstanding the Marconi Scandal and other such rare events), *no* British Cabinet minister has ever been known to profit from corrupt practices: certainly none has ever been prosecuted, or become notorious for such behaviour. The nearest to an exception was probably David Lloyd George, Prime Minister 1916-22, who allegedly built up a personal fortune through the sale of honours (titles of nobility and knighthoods) just after the First World War. To be sure, many British Cabinet ministers have profited indirectly from their offices, especially during the past forty years or so, by gaining lucrative directorships after leaving office, from writing well-paid memoirs, or (in the case of Prime Ministers) embarking on lucrative lecture tours, but as a rule these have occurred after retirement from office. Just as remarkably, British civil servants appear to be unusually honest, and it actually very difficult – perhaps impossible – to point to more than a handful of occasions when civil servants profited illegally from their posts beyond their official salaries. This generalisation is also true of British administrators throughout the Empire, when it existed. Obviously, it is entirely possible that some dishonest civil servants 'got away with it', and some as-

pects of local politics in Britain, especially in cities where one party is permanently likely to be elected, are known for their corrupt practices, at least in a minor way. Nevertheless, the British governmental and civil service administrative structures do *appear* to have evolved, from *c*1800-1900, in a way consistent with the Weberian type bureaucracy (see below). There are a number of reasons for this which may have been peculiar to Britain. Most Cabinet ministers of this period and virtually all civil servants were educated at a British 'public school' and at Oxford or Cambridge universities, and absorbed the 'gentlemanly' code instilled there. Many Cabinet ministers were very wealthy, and did not need to engage in corrupt practices when these became illegal. The official system of auditing of accounts, Parliamentary oversight, a free press, and an articulate Opposition made corrupt behaviour very difficult, especially on a large scale, with the penalties for being caught very severe, both in terms of long prison sentences and notoriety for the offender and his family in 'Society'. Administrative civil servants, although generally drawn from the lower part of the middle class, were reasonably well paid to start with and very well paid in senior positions. They enjoyed lifetime tenure and could look forward to an honour such as a knighthood upon retiring, and a generous pension. Few were prepared to sacrifice this for the rewards of petty or even large-sale corrupt practices. It is a fact that no, or virtually no, such scandal ever occurred in Britain.

British political behaviour was also reformed in a way consistent with Weber's theories. Eighteenth century politics in Britain was marked by widespread corruption and bribery, with only small numbers of adult males having the vote, and thus readily open to various forms of payment in exchange for their votes, elections being held in public rather than being secret. Defenders of this situation justified it as indicative of 'British liberties': as the famous historian Sir Lewis Namier put it, 'No one bribes when he can bully'. These practices, too, gradually disappeared in the nineteenth century with, for instance, the secret ballot being introduced in 1882 and virtually all adult males given the vote by 1884, the open briber of voters then being both illegal and prohibitively expensive.

The Weberian trajectory of Britain, from widespread corruption to the apparent near-complete absence of it, might or might not have occurred elsewhere. The violent revolutions experienced in modern Europe, and the pre-1789 traditions of powerful autocratic royal or noble rule, were quite different from the relatively peaceful evolution of Britain's institutions. Yet Weber clearly believed that the German bureaucracy of his time exhibited the characteristic of freedom from corruption depicted in his conception of a legal-rational bureaucracy. Broadly speaking, Weber appears to be correct, at least in his depiction of the bureaucracies and, less emphatically, the state structures of advanced, 'modern' nations. All international indices of corruption in the contemporary world invariably show that the least corrupt nations and bureaucracies have the most advanced socio-economic statistics and statistical

indicators, in terms of literacy and levels of education, high *per capita* incomes, urbanisation, welfare provisions, a free press and media, and so on. It is, overwhelmingly, Third World nation-states, especially in Africa and the Arab world, which are found to be the most corrupt, and also score lowest on most indices of 'modernisation'. This may seem self-evident, but, as noted in the British case, Western nations are not necessarily free from even gross corruption at relatively 'advanced' stages of their development.

Many observers would, however, claim that Weber was being far too sanguine and optimistic in his assessment of the absence of corruption in 'modern' bureaucracies and state structures. Certainly innumerable examples of corruption, in some cases (such as Italy) reaching to the highest officials in the land, have been alleged or proven in recent decades in advanced Western societies, while corruption at all levels is apparently endemic throughout much of the Third World. Many factors have become evident since Weber lived and wrote – he died at the age of only fifty-six in 1920 – which were not apparent then, and particularly during the past thirty or forty years. These include the phenomenal increase in wealth and incomes among the rich in the age of 'globalisation'; the vast size of state bureaucracies, with their vast contracts for military and civilian works; and universal independence granted to Third World and non-Western societies, often rich in natural resources, whose leader and state bureaucracies either entirely lack the Western traditions of immunity from corruption or, indeed, represent societies where bribery and gift-giving are the norm. Weber also lived before the era of highly 'professional' international organised crime rings and money-laundering, or the ability to transfer illegal or semi-legal funds to international and anonymous banking centres and tax havens. In societies such as post-Communist Russia, the very era since the end of the Soviet Union in 1989-91 is often termed that of the 'republic of oligarchs', where incredibly vast fortunes have been made almost overnight, often through violent and corrupt means, in a society where total state control of the economy was the invariable rule for nearly seventy-five years. Yet even in Russia, the past few years have apparently seen a more settled, orderly, and legalistic state apparatus than was the case a few years ago. For all of what might be termed its wishful thinking and unreality, Max Weber's depiction of evolutionary trends and norms, at least in the European and Western world, appears to have considerable merit and accuracy.

Weber's broader views on bureaucracy and rationality are, however, certainly not unproblematic insofar as he has attempted to link the two as a virtually inevitable evolutionary process. While many Western bureaucracies have seemingly eschewed the grosser forms of corruption, they have also, at least in some political milieus, been complicit in far worse crimes and practices. The ease with which the German bureaucracy and civil service of the Wilhelmine and Weimar periods became vehicles for enacting Nazi atrocities and criminality is notorious, while bureaucracies in other totalitarian regimes,

including the Soviet Union and its satellites, have also similarly acted as rubber stamps for the enormities of their governments. Indeed, there seems to be a general rule that bureaucrats will avoid personal corruption far more readily than they will avoid the crimes against humanity, including mass murder, carried out by their governments. There are a number of reasons for this. Personal corruption can often be readily identified and punished, while cooperation in government-sanctioned programmes of persecution or invasion are rewarded; the very ambiance of totalitarian societies, and especially, perhaps, their bureaucracies, is wholly unsympathetic to personal dissent; even if a bureaucrat is personally opposed to a governmental policy, he has the excuse of the necessity to obey orders and of deferring to higher authority. It may be that (as Namier suggested) personal corruption is tolerated, at least in the West, in societies with some degree of personal liberty and economic freedom, while unquestioning obedience is the invariable rule in totalitarian societies, whether to the state or in the slightest toleration of corrupt practices initiated from below or outside the state apparatus.

4. Analyzing Corruption in a Weberian Style?

The preceding historical perspective on Weber's work establishes his awareness of nepotism and corruption. Indeed, patronage and favouritism were often regarded as normal. The rise of bureaucracy in England, Prussia, the United States, and France (Silberman 1993) paved separate paths for public versus private life, and within the former arose an understanding of corrupt behaviour in government. The remaining sections will inspect the conceptual side of Weber's recognition of corruption and illustrate how his ideas are useful to modern societies.

Weber was interested in how legitimate political and economic order is created and maintained. His work illustrated how a society effectively restrains certain forms of behaviour and encourages others (Scott 1972: 16). His main focus was on social relationships between, for example, the ruler and the ruled, how they relate to each other, and how they form an understanding of legitimate order. Stable social relationships are explained by the perception of legitimate order, which guides behaviour and makes it predictable. Legitimate and stable order is therefore based on the existence of formal and informal rules. It is not accounted for by actors' interests or habits so much as it is by the acceptance of social regulatory systems. Obedience within different systems of domination in Weber's view is therefore firmly linked to perceptions of legitimacy. For Weber it was clear that societies change and progress by the process of rationalization, which in turn can change the sources of legitimacy as well as create friction. His wide-ranging comparative and historical approach to different types of legitimate political order, and his writings on the operating modes and administrative arrange-

ments by which rulers exert authority (Eisenstadt 1959; Fry/Raadschelders 2008; Schröter 2007; Weber 1972) have been extremely influential on social scientists when thinking about different types of legitimate order.

A Weberian thinking about corruption begins with the distinction between his ideal types of domination: traditional, charismatic, and legal-rational. The three form the basis for the analysis of the relationship between the rulers and the ruled. Briefly said, under *traditional* rule everything is set in its place; power is inherited within a clan structure that often forms a centuries-long dynasty. All members know their places and what is expected of them. *Charismatic* societies rely on one great leader or set of cooperative leaders whose (often brilliant) tenure is terminated only by death. Examples are founders of religious movements, military leaders, and popular party politicians. Charismatic authority often goes hand in hand with a mission, a promise of salvation, or an explicit ideology – ends that are not important to the patrimonial type of rule. People obey charismatic leaders because they firmly believe in the leaders' magical power or are drawn to their exceptional personal attributes (Weber 1972: 221-225), but the dependence on a single person and his or her charisma makes it a fragile type of rule. In contrast, (bureaucratic) power in *legal-rational* rule is exerted on the basis of clear rules whereby the ends justify the means of execution. The instrument is run by competent, trustworthy experts and is guaranteed by professional self-governance ruled by meritocracy.

Charismatic domination does not seem to offer a discrete perspective on corruption because elements of patronage can be a strategic part of this type of domination as well. The most fruitful distinction for the analysis of corruption derives from the *traditional* and *legal-rational* types of domination. The two types offer a conceptual departing point for an analytical distinction between (1) a public-office-based definition of corruption as the misuse of public office for private gain (Gardiner 2005; Nye 1967: 419) under legal-rational rule, and (2) a favouritism-based definition of corruption that forms an inherent part of a patrimonial 'strategy of rulership' (Roth 1968: 197) to win personal loyalties by distributing material rewards (commonly known as nepotism (family) or patronage (friends)). In defining the public official's role within the legal-rational system of a bureaucracy, Weber emphasized the contrasts to common practices in so-called pre-bureaucratic systems, the most important of which is traditional domination. Jacob van Klaederen, for example, has described the Inca society as patrimonial, in which a ruler 'legitimately' engages in a self-centred distribution and acquisition of resources. This type of behaviour must be considered a genuine strategy of personal rulership that no one would challenge as corrupt in the legal-rational sense; it legitimately establishes order in a hierarchical society (van Klaveren 2005: 83). All too often Weber's work has been associated with the public-office definition of corruption rather than the favouritism-based one, despite the fact that the latter offers a compelling additional perspective for the analysis of

patrimonial types of corruption in modern states. Unfortunately, it has been mostly applied to developing countries, which are generally conceived as traditional societies (e.g. Médard 2005). This undermines the heuristic usefulness of Weber's ideal types for the analysis of modern societies.

Weber's types of domination are also too often understood as precise descriptions of reality, which is a misinterpretation. They are *ideal*, not real; they are neither descriptions of reality nor representations of a normatively desirable state. There are various ways to describe their usefulness: (1) they distinguish and delineate social phenomena by describing their core elements, (2) they serve as an analytical tool of counterfactual thinking to discern the important elements of a phenomena within a vast sea of empirical facts, (3) they are idea constructs that help put the chaos of social reality in order (Rossi 1987), (4) and they can be a measure of empirical deviation from the ideal in comparative studies (Eliaeson 2000). Conceptually they are pure; in reality, they usually occur in mixtures (Weber 1922: 45). The categories of domination should therefore be independent of other distinctions; think, for example, of classical distinctions in political science between democracy, authoritarianism, and totalitarianism. Within each of the latter the legitimacy of a ruler can be based on one or another type of domination. Weber was critical of the notion that bureaucracy and democracy were two sides of the same coin, and showed, for example, that feudal lords used the technique of bureaucracy to govern (see Weber 1922: 36). Without blurring the conceptual difference between democratic and authoritarian regimes, Weber's ideal types allow us to recognize the common elements within them.

4.1 Favouritism, Personal Rulership, and Web of Reciprocities

The belief in the sanctity of tradition, heritage, and customs forms the basis of patrimonial domination, in which the succession of rulers is determined by birth, clan membership, and personal loyalty. Rather than abstract definitions of merit or certificates of education leaders are recruited on the basis of personal relationships (Weber 1972: 219-221).

Guenther Roth's work on recently decolonized countries opens a conceptual pathway from Weber's work to an analysis of corruption in modern states. Roth reconsiders Weber's concept of patrimonial rulership and observes that in many decolonized states 'traditionalist legitimacy has disintegrated' (Roth 1968: 194) and that Weber's sociology of *Herrschaft* (dominance) deals not only with 'beliefs in legitimacy but also with the actual operating modes and administrative arrangements by which rulers 'govern', not just 'rule'' (Roth 1968: 195). Roth argues against a narrow interpretation of patrimonialism anchored solely in the ideas of tradition and hereditary succession. Instead he suggests using 'personal rulership' as a subcategory of patrimonialism. Here, personal loyalty does 'not require any belief in the

ruler's unique personal qualification, but is inextricably linked to material incentives and rewards' (Roth 1968: 196). Roth's modernization of Weber's patrimonial rule offers an opportunity to 'transcend[s] the dichotomy of tradition and modernity' (Roth 1968: 197) and the concept can therefore be used for contemporary regimes.

In a Weberian-Rothian perspective, corruption must therefore be more broadly seen as a strategy to exert power and influence people through 'connections [and] favouritism', as Roth has shown in 'Personal Rulership, Patrimonialism, and Empire-Building in the New States' (Roth 1968: 203). This favouritism-based perspective teaches us that corruption can be viewed not as a singular individual failure but as a coherent strategy to achieve obedience and regime stability with favouritism having 'a logic and rules of its own' (Eilbaum 2006: 4).

Because a public-private distinction is non-existent, patrimonial rulers consider 'the state' – or everything they have control over – as a means to maximize their personal profit. Weber described the office at the time of the Middles Ages as a source for extracting private rents ('*ausbeutbaren Renten- und Sportelquelle*' (Weber 1922: 14, 18-19). This extends to the office-holder's staff as they extract rents from the office and consider it their property. It is not, of course, a static situation: a patrimonial ruler is in permanent struggle with his staff over ultimate control, using favouritism as the means to it (Roth 1968: 195). Guenther Roth observed this typical form of personal rulership as an 'ineradicable component of the public and private bureaucracies of highly industrialized countries' (Roth 1968: 196), noting especially 'old urban machines' such as Chicago or Detroit:

> 'The old urban machines are a familiar example. They had, of course, some kind of traditionalist legitimation because of the immigrants' Old World ties, but they functioned primarily on the basis of personal loyalty – plebeian, not feudal – and material reward; offices were distributed by a noncharismatic and nonbureaucratic ruler, and occupying them amounted to holding a benefice. The boss might have had great power, but his legitimacy was precarious; thus he had little authority and had to envelop his 'clients' in an intricate web of reciprocities' (Roth 1968: 198).

The ruler distributes favours by either selling or giving 'jobs', 'benefices' or 'offices' that may be used partly for personal gain but demand loyalty to the ruler throughout their tenure. This 'web of reciprocities', as Roth termed it, obliges the ruler and the ruled to be co-dependent. In the case of 'machine politics' political coalitions use their influence to reward supporters with public goods, a well-known reflex phenomenon of political parties after an election victory (Krebs 2005). J.C. Scott argues that this type of political 'machine' aims at the 'political consolidation of the beneficiaries of the patronage and graft system' (Scott 1969: 63) and points out that it cannot attribute for more the random or sporadic forms of corruption that often occur in administrative systems. Taking this point seriously means that not all forms of corruption fall under personal rulership or machine politics, and that

the Rothian perspective emphasizes a more stable and systemic form of favouritism-based corruption whose practices are not considered illegitimate and ultimately contribute to the stability of the system.

Nicolás Eilbaum seemed to have this in mind when he employed the concept to research corruption in Argentina. He demonstrated that the Menem administration was stable and illegitimate at the same time, despite the lack of charisma and rationality (Eilbaum 2006).

'Corruption can thus be made sense of as part of the government's pursuit of stability in a context where no source of legitimacy was available … [It is] inherent to a political regime where rulership is supported by the personalized distribution of resources, insofar as no other bases of domination exist' (Eilbaum 2006: 6).

4.2 Legal-Rational Rule, Corruption, Deviance from Legitimate Order

An explicit understanding and legally-sanctioned definition of public-office-based corruption comes into existence with the separation of private household and public office, which occurs with the rise of a bureaucratic system. Weber's feudal system is characterized by the appropriation of benefices to officeholders; the legal-rational system is dominated by an explicit rule system that sanctions the use of public power for private means. As the ideal bureaucracy is necessarily linked to the notion of legal authority, legitimacy is based on the rule of law. This means that abstract rules are applied to particular cases, and the impersonal order is dominated by a legal code that claims obedience from members of the organization. Corruption means therefore deviance from legitimate order.

The *legal-rational* type of domination (Weber 1972: 217-219) stands in stark contrast to personal rulership types where belief in reason, a constitutionally-regulated legislation, professional training, and efficiency do not hold sway. Weber saw bureaucracy as the most rational instrument of executing legal authority (Weber 1922: 24), the most efficient form of organization yet devised by men.[1] In its most advanced state the bureaucracy would be driven *sine ira ac studio,* 'without anger or jealousy' (Weber 1922: 26), a phrase that emphasizes its professional, impersonal, passion-free, rational machinery. Highly trustworthy, professional experts within a system of meritocracy are best to run the instrument. The guiding norm of bureaucratic authority is a strict hierarchy with a clear separation of tasks and functions

1 Despite Weber's admiration for the rationality and efficiency of bureaucracy, he was aware of its flaws, among them: (1) the potential for routinisation to hamper the personal development of the organization's members; (2) the capacity for a powerful machinery to overstep its defined function, ignoring that bureaucracy is subject to the rule of law and not in charge of it; and (3) an enthronement of bureaucracy such that it could be used for evil as well as good (Weber 1922: 34-35; see also Bauman 2001).

following the principle of division of labour. The office, with its specific duties, forms the cornerstone of each organization. Moreover, the resources of the bureaucracy are distinct from those of its members; owning the means of administration (Weber 1922: 13) would allow the office to be sold, passed on by heredity, or misappropriated. As summarized by Reinhard Bendix's *précis* of Weber's views,

'officials and other administrative employees do not own the resources necessary for the performance of their assigned functions but they are accountable for their use of these resources. Official business and private affairs, official revenue and private income are separated … Officers cannot be appropriated by their incumbents in the sense of private property that can be sold and inherited' (Bendix 1960: 419).

Corruption from this perspective, although never explicitly stated by Weber, is related in the eyes of many to deviation from formal rules and duties of a public role for personal gain (see Heidenheimer/Johnston 2005: 77-78; Mény/de Sousa 2001: 2824; Mungiu-Pippidi 2006; Nye 1967: 419). Many political scientists and criminologists have stuck to a public-office centred definition that focuses on forms of behaviour that violate legal standards. One prominent example is the often-quoted definition of corruption by Joseph S. Nye:

'Corruption is behavior which deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence. This includes such behavior as bribery (use of a reward to pervert the judgment of a person in a position of trust); nepotism (bestowal of patronage by reason of ascriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private-regarding uses)' (Nye 1967: 419).

The advantage of public-office definitions is that they help to disentangle the complexity of corruption by offering a clear heuristic. They are stable and objective, often resembling the Penal Code (cf. Huisman/Vande Walle, chapter 8). As critics have pointed out, however, legal norms often reflect the ethics of a certain group and are thus socially disputable. Furthermore, they leave room for interpretation because they relate to a tangible value system of a specific group at a certain time (see Mény/de Sousa 2001: 2824).

With regard to the causes of public-office corruption we are not left with an elaborated concept but Weber's remarks in 'The Protestant Ethic and the Spirit of Capitalism', attribute corruption to individual failure, behaviour unworthy of true professionals and aristocrats at the bureaucratic apex (Windolf 2003: 190):

'The impulse to acquisition, pursuit of gain, of money, of the greatest possible amount of money, has in itself nothing to do with capitalism. This impulse exists and has existed among waiters, physicians, coachmen, artists, prostitutes, dishonest officials, soldiers, nobles, crusaders, gamblers, and beggars. One may say that it has been *common to all sorts and conditions of men at all times and in all countries of the earth*, wherever the objective possibility of it is or has been given' (Weber 2001/1904: xxxi (italics added)).

Weber did not, however, hold the opinion that avarice or 'unlimited greed for gain' (Weber 2001/1904: xxxi) was identical to capitalism but that 'capitalism *may* even be identical with the restraint, or at least rational tempering, of this irrational impulse' (Weber 2001/1904: xxxi). Irrational greed is transformed by the institutions of capitalism into the rational 'pursuit of profit, and forever *renewed* profit, by means of continuous, rational, capitalistic enterprise' (Weber 2001/1904: xxxii). Quite analogous to Weber's depiction of capitalism as the rational form of profit-making in which passion, avarice, and greed are tamed by institutions, Weber viewed bureaucracy as the legal-rational form of executing power and repressing 'irrational behaviour' in a *stahlhartes Gehäuse* (iron cage). The metaphor of an iron cage refers to increasingly rational societies, which leave little room for personal attributes such as passion, love, or personal feelings but are dominated by clear means-end logics (Silberman 1993). Taken seriously, the metaphor implies that corruption occurs when the system of legal-rational dominance is not yet complete; loopholes remain for the bureaucrat's private motives. In other words, the distinction between the private and public role is not clearly delineated, offering a gateway for behaviour that deviates from official behaviour. The deviant behaviour might stem from rules that are not explicit enough, suboptimal methods of sanctioning and supervision, an inferior system of recruitment, or an organizational ethos that has not been fully penetrated by the official structure.

It would not do justice to a Weberian reasoning to restrict public office corruption to modern bureaucracies and the 'web of reciprocities' to patrimonial societies. As previously stated, logics and types of dominance merge and form hybrids. Modern 'cages of reason' can be prone to 'webs of reciprocity' as well as a logic of patrimonialism. Government departments in many Western democracies, for example, are staffed with officials that fulfil the criteria of civil servants and are therefore important ingredients of the bureaucratic rationality; they can also be occupied by political appointees who act as transmission belts between administrative and political rationalities. Political scientists have termed this phenomenon 'politicization': public officials pay greater attention to politics and politicians are interested in ensuring that civil servants are compatible with their own partisan and policy preferences (Peters/Pierre 2004: 1). This does not imply that patrimonialism is the immediate consequence of politicization, but it can be a gateway for conflicts of interests and webs of reciprocities if for example staffing is influenced by party considerations rather than merit.

5. Conclusion

The Weberian distinction between a rational-legal and a patrimonial type of domination offers a conceptual departing point to distinguish between (1) a

public-office based definition of corruption as the misuse of public office for private gain under legal-rational rule, and (2) a favouritism-based definition of corruption that forms an inherent part of a patrimonial 'strategy of rulership' to win personal loyalties by distributing material rewards, commonly known as nepotism or patronage.

The favouritism-based perspective on corruption offers a lens for the analysis of a systemic form of corruption that has the character of a 'web of reciprocities': corruption and its causes are located in the wider context of a specific form of domination and personal rulership. Corruption is thus a strategy to influence and exert power over people through forms of favouritism and patronage. This perspective enlightens us to a corruption that is not a failure of individuals but a coherent strategy with its own rules and logic to achieve obedience and contribute to the stability of a regime. It does not account for the more random or sporadic forms of corruption that often occur in administrative systems. The perspective emphasizes a specific form of a more stable and systemic corruption.

An explicit understanding and legally-sanctioned definition of corruption in the legal-rational sense comes into existence when the private household and the public office become separate entities, a process that occurs with the rise of a bureaucratic system. Corruption takes place when the system of legal-rational dominance is not sufficiently diffused, leaving loopholes that will be exploited by the bureaucrat's private motives. The distinction between the private and the public role is not clearly delineated and the fuzzy line offers a gateway for behaviour that deviates from a person's official administrative role.

In modern governmental organizations the clear distinction between these two types of dominance does not always reflect reality, and patrimonial and legal-rational modes merge. Max Weber's explicit contribution to the understanding of the logic of different systems of domination stands undisputed, however his contribution to an understanding of corruption in modern states – albeit a challenge to a certain extent – has had mainly an implicit impact on many students and their definition of corruption but will hopefully receive more explicit attention in the future.

Chapter 3:
Corruption and Anti-Corruption in Prismatic Societies

Frank de Zwart

1. Introduction

Rereading Fred Riggs's *Theory of Prismatic Society* (1964) after many years for the purpose of this essay was an enervating experience. The notes I scribbled in the process contain the same combination of irritation (with esoteric language and flawed theorizing) and admiration (for the many ideas and astute observations) that so many critiques have put into words ever since the book appeared. I shall not repeat these notes here[1] but instead concentrate on one aspect of the book: Riggs strongly doubts the relevance of modern public administration principles and tools for vesting 'good governance' in developing countries. His 'theory of prismatic society' substantiates these doubts and represents a rare stance: it opposes relativism but it also discourages intervention.

As to the question 'what causes corruption?', Riggs' theory exemplifies the complexities of a comparative approach to this issue. The book can be read as a study in corruption, but Riggs avoids using that word because it invokes a moral category (see Rose-Ackerman, this volume) and Riggs is careful to judge the behavior he studies. Riggs would agree with De Graaf, Marавić, and Wagenaar when they write, in the introduction to this volume, that 'norms defining what corruption is (…) differ from society to society and from academic discipline to discipline'. But Riggs is no relativist. He is not concerned with the cultural imperialism or discursive hegemony that critical scholars ascribe to international anti-corruption drives (for examples see: De Graaf/Wagenaar/Hoenderboom, this volume). When it comes to key issues such as economic development, equality, and stability, Riggs considers modern Weberian administration superior to other forms, and clearly thinks that the former is prevalent in the West, and pending in the rest.

Riggs' explanation of that difference (which encompasses his explanation for corruption) is a text book example of the normative institutionalism that dominated social science when he wrote his main work. Basically the argument is that organizations and institutions can only work as their designers

1 For critical reviews accounting the rise and decline of the comparative public administration group (of which Fred Riggs was a prominent member), see for instance: Heady (1996), Jones (1976), Savage (1976), Siffin (1976).

intended, if they reflect a society's normative order.[2] Organizational principles, techniques, and procedures, in other words, are not enough to prevent corruption for if they do not resonate with a society's normative order, these institutions won't work as intended. Riggs' approach to the question 'what causes corruption', then, is to inquire why the institutions that prevent it in some places do not seem to work in others.

Riggs set out in the early 1960s to answer the pressing question why models and techniques of modern public administration that worked so well to establish orderly and relatively clean government in the West, did not produce the same results when exported and implemented in Asia, Africa, and Latin America (Riggs 1964: 11-12). His answer is that the principles and techniques of modern public administration reflect the normative structure of Western, industrial societies, and indeed function to maintain that structure. Transplanted into a different normative structure, the same principles and techniques serve different functional requirements, and therefore do not work in the same way. To illustrate, administrative procedures that guarantee recruitment on the basis of merit reflect universalistic norms and function to maintain universalism. In a different normative context, however, the same procedure may also function to maintain particularism.

Riggs' work contains ample illustration of this basic idea: Things are not what they seem. Administrative institutions may look familiar (to an observer from the West) but that is deceiving because these institutions function according to a different logic.

> 'Certainly we shall find in (…) Asia, Africa, and Latin America today formal agencies of administration which resemble those of Europe and the United states. Yet somehow, closer inspection of these institutions convinces us that they do not work in the same way, or that they perform unusual social and political functions' (1964: 12).

This conclusion has not made Riggs popular with practically minded public administration specialists. He basically tells them that American and European administrative models and institutions can be established in other parts of the world (as they were on a large scale in the 1950s and 60s), but to make them perform as they do at home would require a normative structure that is not there. The message is to either await normative change (but Riggs also stresses throughout the book that there is no reason why this would necessarily occur) or accept a type of public administration that is less efficient and effective, and more prone to corruption than the ideal in the West.

Clearly this leaves people who are involved in administrative practice and reform empty handed. As Garth N. Jones, a former advisor on administrative

2 In this, Riggs applies an assumption in the work of Talcott Parsons to administrative behavior: Roles – *in casu* the modern bureaucrat – are only 'institutionalized when they are fully congruous with the prevailing culture patterns and are organized around expectations of conformity with morally sanctioned patterns of value-orientations shared by members of the collectivity' (Parsons/Shills 1951, quoted in Powell/DiMaggio 1991: 16).

reform in Pakistan, puts it in a review of Riggs' and other works in the same tradition: When it comes to practical matters such as trying to reform the Pakistani financial system, 'I still believe that the *U.N. Handbook* [of Public Administration] in working these kind of situations has more to offer than anything yet produced, and certainly more than anything found in these (…) books under review" (Jones: 1976: 99). But Riggs' point is exactly that the organizational forms prescribed in administration handbooks serve different functions in different contexts. The value of this idea, I agree, is not that it informs concrete steps to combat corruption. Rather, its value is to caution against the wrong steps. 'Prescriptions which are valid in one context may be harmful in another', as Riggs puts it (1964: 11).

Structural Functionalism and Prismatic Society

The basic idea in Riggs's work is that the import of foreign normative and institutional orders in traditional societies gave rise to a new type of society. This 'new' society is neither traditional, nor modern, *nor necessarily modernizing*. Riggs calls it 'prismatic society'[3] and argues that its characteristics are generally misunderstood because social theory presumes that societies are either traditional, or modern, or in transition to become modern.

Riggs' theory is grounded in the classic modernization studies of Durkheim, Tönnies, and Weber, and strongly influenced by Talcott Parson's structural functionalism. Riggs characterizes societies with the help of Parson's pattern variables, especially the following three: ascription versus achievement, diffuseness versus specificity, and particularism versus universalism. Modernization, taken as a process of ongoing functional differentiation, entails an institutional (organizational) and a normative dimension. In functionalist analysis the two are closely related, however. Social structure is perceived as a system of rules, and rules are 'materialized' norms. As Talcott Parsons puts it: 'the structure of social systems in general *consists* in institutionalized patterns of normative culture (1964: 86, emphasis in original).

The underlying idea in Parsons' structural functionalism is that societies are functionally integrated wholes – stable equilibriums – in which 'endogenous variations are kept within limits compatible with the maintenance of the main structural patterns' (Ibid: 87). Riggs concentrates especially on this theory as the basis of a typology of societies. He sketches the ideal type of traditional and modern societies, using three of Parsons' pattern variables as a shortcut. 'The viewpoint adopted in this book is that a significant tendency exists for action in traditional societies to be predominantly ascriptive, par-

3 'Prismatic' metaphorically conveys the idea that in the societies Riggs talks about, social structures are functionally fused and functionally differentiated at the same time, like light inside a prism (Riggs 1964: 27-31).

ticularistic, and diffuse', whereas modern societies value achievement, universalism, and specificity (Riggs 1964: 23). And, as follows from the assumption that societies are 'functionally integrated wholes', these characteristic normative patterns are mirrored in a particular institutional structure. The classic illustration of this idea, and Riggs also uses it often, is the family (Ibid: 22). In traditional societies the family performs a diffuse range of functions: besides biological reproduction it also has educational, political, economic, and religious functions. Families in modern societies have lost most of these functions to specific educational, economic, and political institutions.

Fred Riggs' work is solidly grounded in the functionalist modernization tradition sketched above. But Riggs stresses a crucial shortcoming: The 'underlying models' implicit in the various social disciplines, he writes, assume a modern society (in political science, economics, sociology, and public administration) or a traditional society (in anthropology). In other words, social theory assumes that institutions are either functionally specific (in modern societies) or functionally diffuse (in traditional ones) while societies in between are under-theorized. The standard concept applied to such societies is 'transitional' – indicating a stage on the road towards full modernization. But Riggs stresses that 'prismatic society' is not necessarily transitional. In line with the functionalist assumption of 'stable equilibrium', he argues that societies where traditional and modern norms and institutions co-exist, have their own adaptive mechanisms and may thus persist. 'A prismatic social order might remain prismatic indefinitely. Indeed (...) it has its own equilibrating mechanisms' (Ibid: 38).

Riggs thus tries to undo the teleology inherent in the term 'transitional societies' and to conceptualize prismatic society as an ideal-type of its own (Ibid: 4).

3. Public Administration in Prismatic Societies

Interestingly, Riggs started this exercise in social theory formation for very practical reasons: as a public administration specialist he was concerned with the failure of attempts (in the 1950s and 60s) to export administrative technology from the USA and Europe to newly independent countries. According to Riggs, the reason for this failure was the misguided idea – prominent in contemporary political and administrative circles – that administrative systems can be 'separated, by discernable boundaries, from the surrounding society' (1964: x). But for public administration to be a separate system, Riggs argues, a level of functional differentiation is required that prismatic societies do not possess.

Prismatic societies characteristically contain a mix of specific and diffuse traits.

'New market and administrative systems have *displaced* but not *replaced* the traditional systems (...). Indeed, this mixture of old and new practices, of modern ideas superimposed upon traditional ones, may be one of the distinguishing characteristics of 'transitional societies'' (Riggs 1964: 12).

Such societies enact laws and establish procedures that, for instance, guarantee recruitment to public office on the basis of qualifications – a modern trait, signifying differentiation between ascribed status and job opportunities – but at the same time, families or kinship groups have not 'lost' their functions for the allocation of employment. Consequently, Riggs argues, the institutions and organizations that are familiar in modern states function quite differently when they are exported to prismatic societies.

Riggs' theory of prismatic society can be read as a study in causes of corruption. Riggs himself uses the term 'corruption' only sparsely, however, which is consistent with his insistence that administrative concepts and principles that are developed for modern, differentiated societies are misleading when used in a less differentiated context. In a prismatic society, the principle of separating public and private accounts competes with equally valid principles that may discourage such separation. Riggs calls this 'poly-normativism', and it strikes at the hart of his thinking.

Sometimes Riggs considers poly-normativism in the standard way of 'uneven change' (Eisenstadt 1966) – modern norms are internalized by some while others live on by traditional norms. But he also uses it in a more psychological way, as conflicting incentives for individuals. Conflicting incentives, coming from two normative orders, cause the 'normlessness' (old norms are invalidated while new norms cannot be enforced) and compromised solutions that characterize prismatic administration (Riggs 1964: 181-182). 'Prismatic men' may endorse the equality of opportunity assumed in a merit system, for instance, while equally valuing obligations to kin and friends. The dilemma this poses is resolved in compromise: 'In practice, the familistic and 'merit' systems are united in a typically prismatic form of recruitment. (...) Using the pretext of eligibility based on examination [an official] chooses from the certified those whose personal loyalty he trusts' (Ibid: 230). Similarly Riggs discusses the conflict between ascribed and achieved hierarchy and asks by what 'prismatic compromise' both can be honored. The answer is in the concept of rank: 'Rank is an overriding concern in prismatic societies. It is awarded for achievement (...) but once attained, it creates an artificial static hierarchy resembling an ascribed status system' (Ibid: 178-179). Riggs applies the same reasoning in passages on rules versus choices (universalism versus particularism) in administrative practice. Prismatic societies overcome the conflict between these alternatives in the implementation phase: enforcement officers appear to enforce universal rules, but these rules permit a 'wide variety of personalized choices' (Ibid: 201).

From the perspective of prismatic administration, corruption, patronage, clientelism, and favoritism are not flaws in the system that can be corrected

by proper procedure and law. Riggs rather sees them as inherent to the system – proper procedure and law serve 'improper' functions. Procedures and laws that belong to one normative order can be exported into another normative order, but according to Riggs the effect is that the procedures and laws become functional to their new environment, not that they change that environment.

India's system of personnel transfers in public administration can illustrate this point. Rules stipulate that public servants have to be relocated every three or five years so as to prevent the growth of particularistic networks inside offices, and between officers and clients. In India networks of personal relationships are commonly associated with (and often equated to) 'corruption'.[4] Indeed the standard reply officials give to the question why frequent personnel transfers are necessary is that they 'prevent corruption'.[5]

However, this anti-corruption devise is also well known as a source of corruption. In their implementation, transfer rules leave ample room for decision makers – top bureaucrats and politicians – to exchange favorable transfers for loyalty or a share in the income that officials earn from bribes (Chandra 2004: 129-131; De Zwart 1994; Wade 1985). Media, scholars, and officials in India have considered the transfer-trade corrupt since long, but the system is remarkably persistent. I first studied it in the late 1980s, and recent research (e.g. Iyer/Mani 2007; Kingston 2007; Rodden/Rose-Ackerman 1997; Van Gool 2008) shows that nothing much has changed since then. 'Corruption can be routine and commonplace without being viewed as acceptable by the population that bears its costs', Susan Rose-Ackerman writes (1999: 177), and India's transfer-trade confirms that. The reason is not only that the transfer system serves political interests in collecting money and dispensing patronage (both crucial for political survival in India's democracy), but also that the 'routine' in question is *administrative* routine. The very rules and procedures devised to promote modern bureaucracy, have been made functional for a different normative order – they 'perform unusual social or political functions', as Riggs puts it (1964: 12).[6]

4 The idea is that 'corruption' is an inevitable by-product of the personal relationships that civil servants have or build over time. It includes bribe giving and taking as well as favoritism, patronage, and clientelism. Hence 'the rule of avoidance' and frequent transfers: the former assures that personnel are not appointed where they have many personal relations; the latter do not allow the time to build such relations (see De Zwart 1994: 62-66).

5 Paul Hutchcroft (1997: 645-46) argues that academic use of the term 'corruption' as a container concept for rent seeking, patronage, clientelism, or any combination of these – helps to connect academic discourse with the real world politics and real political discourse. See also Johnston (2005: 20-21) who criticizes popular corruption indexes and studies based on their data, for equating corruption with bribery at the expense of studying patronage and nepotism.

6 See J. P. Olivier de Sardan (1999) for a perceptive account of widespread corruption in Africa, explained in terms of modern administrative procedure that is made functional to traditional African social custom.

4. Relativism and Prismatic Society

Unlike many authors that studied similar issues after him, Riggs' critique on the export of administrative models and advice does not stem from a relativist stance. He does not argue that interference in administrative systems abroad is cultural imperialism. On the contrary, Riggs has nothing against efforts from Western countries to help developing countries build a modern Weberian bureaucracy. He only doubts that knowledge from the social sciences – and especially from the discipline of public administration – can contribute to make that happen.

Because of its inherent moral load, the study of corruption has often inspired relativist analysis, especially in cross-cultural studies. Most definitions of corruption somehow refer to 'the conduct of officials who infringe the principle of keeping their public and private concerns and accounts strictly separate', as W. F. Wertheim puts it (1970: 563). But since this 'principle' is a product of modern bureaucracy and therefore bound to time and culture, invoking it to judge behavior in times and places where it is not widely shared, is anachronism[7] or ethnocentrism.

Relativist analysis in the 1960s and 70s was informed by modernization theory with its focus on normative change and disruption of social order. It was a 'mild' version of relativism because most authors in this tradition expected that modernity – including the normative order that accompanies it – would soon become dominant around the world. Until that moment, however, they deferred judgment. Many claim that modernization breeds corruption, Samuel Huntington wrote in 1966, but such judgment should be handled with care. Modernization is a gradual process and the usual pattern is that modern norms are first accepted by educated elite who then begin to judge their own society by these norms.

> 'Behavior which was acceptable and legitimate according to traditional norms becomes unacceptable and corrupt when viewed through modern eyes. Corruption in a modernizing society, is thus in part not so much the result of the deviance of behavior from accepted norms as it is the deviance of norms from the established patterns of behavior' (Huntington 2002: 254).

In similar vain, Wertheim writes that

> When (...) corruption in many newly independent non-Western countries hits the headlines, sociologists should not be content with the shallow judgment that it is a portent of the imminent collapse of these countries. (...) Rather should we analyze the phenomenon within its own historical setting, taking into account social forces which brand as corruption practices which in the past may not have been experienced as such' (Wertheim 1970: 562).

7 e.g. Van Leur (1955: 287): 'A modern strict officialdom was only created with the Napoleontic state. Criticism of the integrity of eighteenth-century officials is thus *ex post facto* criticism'.

By 'social forces' Wertheim here means the changing normative patterns that determine modernization. About contemporary Indonesia he writes: 'Traditional particularistic loyalties are now seen to be too narrow; but an extended 'quasi-universalistic' loyalty towards the Indonesian Republic is for many still too wide' (Ibid: 578).

Today relativism as deference of judgment awaiting full modernization seems patronizing and outdated. To the extent that relativism is still important for the study of corruption, it is 'cultural relativism' (De Graaf/Wagenaar/Hoenderboom, this volume, discuss various examples). Cultural relativism does not imply deference of judgment but abstention from it. It entails 'denial of universal morality', as Rod Aya puts it (2009: 1), and to its adherents this is a matter of principle, not circumstances. 'Placing morality beyond culture (...) is no longer possible', Clifford Geertz writes for instance (2000: 45-46). What is virtuous or criminal varies from culture to culture, and to criminalize what others consider virtue is 'not only gratuitous, it is cultural imperialism', as Aya sums up the relativist position (2004: 31). Samuel Huntington puts it very short: '[w]hat is universalism to the West is imperialism to the rest' (quoted in Aya 2009: fn.22).

Not surprisingly, cultural relativist perspectives on corruption are strongly criticized by scholars and activists alike (Larmour 2008). The Executive Summary of the Transparency International's *Source Book*, for instance, speaks of the 'myth of culture' and notes that 'any understanding of corruption begins by dispelling the myth that corruption is a matter of 'culture'' (Pope 2000: xix). According to Pope, relativism does not make sense if it comes to corruption:

> 'One could ask why there are laws against corruption in all countries, developed or developing, if in fact it is 'part of their culture'? Why, too, one might inquire, have the people of the Philippines and Bangladesh mobilized against a well-armed military to bring down corrupt leaders? These events hardly square with a popular acceptance of corruption as 'a part of culture'' (Ibid: 8).

Pope has a point here: 'culture' is too deterministic a concept to apply to countries (the usual unit of comparison in corruption studies). The normative analysis in old modernization studies is better suited for the purpose. As we saw, an important idea in modernization studies is what S. N. Eisenstadt (1966) calls 'uneven change'. Modern ideas and norms are accepted and even internalized in some circles, while others, in the same country, live by traditional norms. Moreover, the first to accept modernity are usually educated elites, and they are the people that make laws, which might answer Pope's first question above.

The Source Book's radical denial of relativism is not the last word in *Transparency International* circles, however. On its Website, in answer to the frequently asked question 'Can corruption be seen as normal or traditional in some societies?', Transparency International takes a milder stance:

'The debate over cultural relativism and neo-colonialism is a contested one. Where concepts like public procurement procedures are unknown concepts, bribing public officials to secure public works contracts does not exist. Norms and values are context-bound and vary across cultures. Gift-giving is part of negotiating and relationship building in some parts of the world. But cultural relativism ends where the Swiss bank account enters the scene'.[8]

Clearly *Transparency International* also struggles with the basic problem of moral relativism: to deny it is cultural imperialism, but to accept is to 'tolerate barbarity and atrocity in those cultures. Damned if we do and damned if we don't – either way the prospects are bleak' (Aya 2004: 31).

Riggs' theory of prismatic society predates the influence of relativism in corruption studies. Riggs tried to distance himself from both the liberal expectation that developing countries were necessarily in transition to modernity, and from the cultural relativism that was salient in contemporary American anthropology (Riggs 1964: 62). There is little relativism and no apologetic tone in his expose of administration in prismatic societies. To illustrate, Riggs argues that in prismatic society, old customs lose their appeal while ethical standards borrowed from abroad are not rooted in popular understanding. Consequently,

'A limbo develops in which men feel free to disregard both the old heavenly commandments and the new earthly ethics – they rely more on cunning, violence, or insolence to satisfy their short-run private interests. To squat, smuggle, bribe, cheat – indeed to take what one can (...) become the prevalent rules. (…) Social norms and sanctions are necessary everywhere if raw human nature is to be socialized. But in the prismatic model this sphere of 'normlessness' is enlarged, with far-reaching consequences' (Ibid: 182).

5. Good Governance as a Side-Effect

In its non-relativist stance, Riggs' work befits today's international consensus more than its contemporaries. It is striking, Michael Johnston (2005: 17-18) writes for instance,

'how quickly past debates over corruption – so often hung up on definitions, divided over the question of effects, and mired in a paralyzing relativism – have given way to extensive agreement (…) that corruption delays and distorts economic growth, rewards inefficiency, and short-circuits open competition'.

In contrast to Riggs' conclusion about export of administrative models, today's 'agreement' is translated, by scholars and powerful international organizations, into a 'consensus package' of anti-corruption reforms that 'amount to recommendations that developing societies emulate laws and institutions found in advanced societies' (Ibid: 21).

8 http://www.transparency.org/news_room/faq/corruption_faq

The rejection of relativism thus makes the issue of export and emulation of administrative institutions pertinent again.[9] Like Riggs in the early 1960s, Johnston doubts the worth of this strategy – albeit for different reasons. Riggs argues that you cannot transplant administrative models and practices that were designed to produce 'good governance' in the West, into a different normative order and expect them to function in similar ways. Johnston notes that recommended countermeasures such as managerial control, greater transparency, an independent judiciary, a stronger civil society, and free media – indeed check corruption in many societies. But in those societies these institutions were the results of political contention

'and were devised by groups seeking to protect themselves rather than as plans for good governance in society at large. (...) Historically, many societies reduced corruption in the course of contending over other, more basic issues of power and justice' (Ibid: 21-22).

This perspective – good governance as an unintended consequence of group-interest and political contention[10] – is a way out of the stalemate in which Riggs' approach leaves anti-corruption efforts. The problem in Riggs' theory is twofold: Riggs treats normative orders as given, and suggests that norms determine behavior. The institutions of modern administration, he argues, can only function according to the purpose in their design if this purpose reflects the normative order. Individual behavior is reduced, in this view, to enacting normative scripts while the formation of such scripts is neglected.

Riggs might have it backward, though. More recent research shows that the same pragmatic and interest-driven behavior that Riggs calls 'normless', produces the institutions that shape a normative order – be it often as an unintended consequence. Democracy and modern bureaucracy in Europe, for instance, were never designed for the purpose of 'good governance' or any other common good. We may say that people constructed democracy, Charles Tilly writes, but it can only mean that people

'create a set of political arrangements the effects of which are democratic. [The term] construct has the misleading connotation of blueprints and carpenters, when over the last few hundred years, the actual formation and deformation of democratic regimes has more often resembled the erratic evolution of a whole city than the purposeful building of a single mansion' (1997: 196).

Today's outcome of this process may seem to reflect a European or Western normative order, but it emerged out of a long-term contentious process of bargaining (over a range of conflicting interests such as taxes, rights, and

9 Especially since privatization and smaller government – obviously the simplest way to reduce administrative corruption, and much in vogue in the 1990s – can only go so far and have not taken away the need for administrative reform and 'good governance'(see Hutchcroft 1997: 640-643).

10 Cf. Charles Tilly (1990; 1997) on the formation of modern states (and modern public administration) as side-effect of war-making efforts.

conscription) between contenders to central power, 'workers, peasants, and other ordinary people' (Ibid: 197).

Johnston formulates a similar thought with respect to the merit of international 'consensus packages' of anti corruption measures and reform:

> 'In the end both reform and systemic adaptation require vigorous political contention among groups strong enough to demand that others respect their interests, rights, and property – not just stability or administrative improvements. Too often we think of reform as a process of asking people to back off from their own interest and 'be good'. (...) But in fact reform will be most sustainable and effective when driven by self interest (...) and defended by actively contending groups' (2005: 217).

Like Riggs, then, Johnston doubts the merit of attempts to fight corruption by exporting institutions and 'teaching people to behave well'. Unlike Riggs, however, who left it at that, Johnston offers a perspective. From his work it follows that articulating group interests, stimulating politics, state formation, and bottom-up organizations can help the 'good government cause'.

Chapter 4:
The Institutional Economics of Corruption

Susan Rose-Ackerman

Contemporary research on the institutional economics of corruption began with theoretical work that built on industrial organization, public finance, and price theory to isolate the incentives for paying and receiving bribes and to recommend policy responses based on that theory. My own 1978 book, *Corruption: A Study in Political Economy*, is an early example with its relatively straightforward application of economic concepts to the study of corruption. It used economic theory to understand what programs were especially susceptible to corruption and to recommend ways to reduce these incentives. That book largely relied on journalism to supply the facts because there were no statistical efforts to measure the harm caused by corruption. The closest empirical work by Anne Krueger (1974) and Jagdish Bhagwati (1974) measured the volume of rent seeking and illegal transactions in international trade by using the two sets of books available internationally – in exporting and in importing countries. Fortunately, in recent years it has become possible to move beyond journalism. Although empirical work on a topic that involves illegal activity remains difficult, empirical work employs a range of clever devices to generate quantitative estimates.

This chapter summarizes the institutional economics framework that continues to yield important insights into the causes and consequences of corruption. After introducing the conceptual framework, it discusses empirical research derived from this theoretical perspective and includes some thoughts on fruitful directions for future research.

1. The institutional economics framework

Corruption occurs where private wealth and public power overlap. It represents the illicit use of willingness-to-pay as a decision-making criterion. A private individual or firm makes a payment to a public official in return for a benefit or to avoid a cost. Bribes increase the private wealth of officials and may induce them to take actions that are against the interest of their principals, who may be bureaucratic superiors, politically appointed ministers, or

multiple principals, such as the general public. Illicit payments may also flow in the reverse direction. Those holding or competing for public office may make cash payments to private individuals, firms, or other officials to get benefits for themselves or their political parties. In both cases, pathologies in the agency/principal relation are at the heart of the corrupt transaction.

Whether the principal is a single, named superior or a diffuse body like the public at large, the essential point in that corruption represents the violation of an obligation or a duty in return for a private benefit. Officials or politicians who accept bribes violate the trust placed in them. Politicians who pay bribes to obtain political support undermine the legitimacy of democratic politics. Deterrence either can focus on changing the economic incentives to pay or receive bribes, or can increase the trustworthiness of agents by other means, such as seeking to instill a sense of loyalty and commitment to particular public institutions or to the general public interest. Bo Rothstein (2010) criticizes the principal/agent approach by arguing that thoroughly corrupt systems lack a benevolent principal. Even when the principal is the general public, Rothstein (2010) points out that voters frequently reelect corrupt politicians, perhaps because politicians pay for voters' support in the form of outright monetary payoffs of pork barrel projects. This critique, it seems to me, proves too much. First, individual identifiable principals who are harmed by the corruption of their subordinates are quite common, and they can be expected to support efforts to limit lower level corruption. Second, voters in some political system do punish corrupt politicians at the polls so long as a more honest alternative exists. Furthermore, if corrupt candidates are reelected, one cannot conclude that voters necessarily approve of corruption but only that they have not been offered a credible, honest alternative. In the worst case that Rothstein (2010) posits, where the entire government hierarchy is on the take and voters prefer politicians who buy their votes, I agree that it does not make sense to consider piecemeal reforms. In such a system, with no separation between personal enrichment and public service, the agency/principal model is not a useful explanatory tool or guide to policy. However, it does not follow from the possible existence of such pathological cases that the principal/agent model is not a useful framework for the general run of cases.

Rothstein (2010) stresses the problem of vicious spirals where the corruption of some breeds the corruption of others until almost all are corrupt. This phenomenon is well-recognized in the economic analysis of corruption and can arise both from limited law enforcement resources and from reinforcing attitudes in which those who observe others' corruption begin to view such behavior as acceptable simply because it is common (Andvig/Moene 1990; Bardhan 1997: 1330-1334; Rose-Ackerman 1999: 107-109, 124-125). Rothstein (2010) argues that in such cases corruption cannot be limited through piecemeal, incremental reforms, and I agree. However, that conclusion is not a refutation of the principal/agency approach. The two approaches

are complements, not substitutes. Multiple equilibria models with vicious and virtuous cycles can arise under any of the principal/agent situations outlined in the institutional economics literature. Thus an entire police force or customs service can become corrupt over time with the level of corruption in one period leading to a higher level the next period. True, such corruption could move up the hierarchy over time, but that is not a necessary result of such spirals at one level.

Rothstein (2010) provides an interesting analysis of one set of conditions favorable to vicious spirals – programs that target a portion of the population and require officials to make individualized judgments in allocating benefits or imposing costs. This can, as Rothstein argues, undermine a norm of impartiality and produce corruption. However, Rothstein (2010) wants to define corruption as equivalent to this norm violation. He follows Oscar Kurer's definition of corruption as occurring when 'a holder of public office violat[es] … the impartiality principle in order to achieve a private gain' (Kurer 2005: 230). To me, this definition confuses a normative issue – one type of harm caused by corruption – with the phenomenon under study. It excessively narrows the field of study to one particular, if important, type of harm. Although I agree that defining corruption as the misuse of public power for private gain leaves the key terms underspecified, it opens up a broad field of debate over the meaning of 'misuse' which may indeed vary across societies. Some of the most interesting issues in corruption research involve just such debates over the relative costs of different types of corruption in different settings. Rothstein (2010) would simply short circuit that debate by privileging one of the many costs of systemic corruption.

For me, a more fruitful approach is to describe the range of phenomena under study and to assess the relative costs of each relative to the costs of prevention. This may involve difficult tradeoffs between competing values that cannot easily be measured using a common metric, but that approach promises a richer and more nuanced set of research questions. Thus, I do not see the principal/agent approach as a restrictive one. It may fail to take account of dynamic factors and social forces, but it provides a valuable place to start and places the burden of proof on those wishing either to add additional complementary factors, such as vicious cycles, or to substitute an entirely different approach.

What then is the essence of that approach? Principals and agents operate within an institutional context. The insights of institutional economics are closely related to the economic analysis of corruption. Institutional economists and their political science fellow travelers stress the way the institutional context affects the behavior of individuals. They respond to the incentives, both carrots and sticks, created by institutions, broadly defined. The next step in the analysis is to study the incentives that face those with political and economic power to change the institutional structure in their favor. For a good introduction to the ambition and scope of the approach one should

consult the seminal work of Douglas North and his collaborators spanning thirty years (e.g. North 1981; North 1990; North/Weingast 1989; North/Wallis/Weingast 2009. See also Greif 2006). A top public official or private firm executive might reorganize an organization to create a more centralized structure or, conversely, to decentralize decision making to give more authority to those lower in the hierarchy or even to eliminate the hierarchy entirely (Williamson 1975). Political economists with an institutional focus study such questions as the impact of bureaucratic reorganization on public performance, the effect of privatizing formerly public services, the relative merits of presidential and parliamentary democracies, and the role of independent courts, central banks, and regulatory agencies. They study both how people and firms respond to existing institutions as well as the political and economic incentives to change institutional forms (for overviews see, e.g., Mueller 2003; Weingast 2002; Weingast/Wittman 2006).

Some of this analysis, both theoretical and empirical, discusses corruption along with other incentives to shirk through laziness or a desire for leisure or views it as part of the general tendency toward rent seeking in public life (North/Weingast 1989; North/Wallis/Weingast 2009). It asks how political incentives change with changes in government organization and studies how incentives and opportunities can lead to institutional change. However, corruption is seldom the subject of detailed analysis. Recent work on corruption from a wider range of scholars is helping to remedy that lack, but it needs to be more closely integrated into the general fields of political economy and institutional analysis (for one example of such an effort see Glaeser/Goldin 2006).

The economic analysis of corruption models private individuals and firms outside government as active players. They do not passively vote for politicians, apply for public benefits, or bid for contracts. Rather they strategically interact with officials and politicians to further their own interests. Corrupt officials may pressure them for payoffs by, but they may also actively seek to subvert public programs to favor themselves. They may accept payoffs from politicians in return for their votes or pay politicians to get private benefits. The basic framework follows research on rent seeking in institutional economics but is more nuanced and complex. The problem for principals is not just to incentivize agents but also to confront the three-sided nature of transactions between principals, public agents, and the outsiders with whom they must deal. Some of the insights generated by the analysis of corruption in the public sector apply to any hierarchy, public or private. Although mechanisms of control may differ between public and private entities, many of the same incentives for corruption arise (Rose-Ackerman 1978: 189-209).

The institutional economics of corruption highlights the way bribery affects both the efficiency and the fairness of public sector actions. Agency/principal relations pervade government, and most agents either deal directly with the public or have access to public resources that could be appropriated

for their own benefit. Hence, it is important both to find loci of corrupt incentives and to ask how corruption might affect the effectiveness of government action. In other words, there is both a positive and a normative aspect to the analysis. Some institutional economic analysis claims to be purely positive. It does not make judgments but simply reports how the incentives created by different institutions can be expected to affect behavior. This neutral stance is not possible in the analysis of corruption, a loaded term that comes with its own normative baggage. Rather one needs to combine institutional economics with welfare economics to assess the impact of corruption on government functioning in terms of both efficiency and fairness.

Begin with a simple corrupt situation. Bribes paid to agents may distort their choices away from the aims of their principals. If those aims further the efficient allocation of resources, bribery is inefficient. The analysis, however, extends beyond efficiency. If, for example, the goal of a public program is to benefit the poor or to select the most qualified, substituting willingness-to-pay for these criteria undermines the program's goals. In general, bribes are not just transfers from one pocket to another. They affect the behavior of those who pay and those who receive payoffs. In this they are similar to prices or to contractual terms. They provide incentives that work against the aims of a public program or, at least, increase its cost to the beneficiaries (Rose-Ackerman 1978: 137-166; 1999: 7-26).

To proceed, I differentiate between low-level opportunistic payoffs, on the one hand, and systemic corruption, on the other, that implicates an entire bureaucratic hierarchy, electoral system, or overall governmental structure from top to bottom.

Low-level corruption occurs within a given institutional framework where basic laws and regulations are in place, and implementing officials seize upon opportunities to benefit personally. Here is where the principal/agent model is most obviously applicable. There are several generic situations.

First, a public benefit may be scarce, and officials may have discretion to assign it to applicants. Suppose that superiors cannot observe payoffs but can easily check if any unqualified applicants receive the benefit. Then the qualified applicants with the highest willingness to pay and the fewest scruples will get the benefit in a corrupt system. This would seem the least problematic case from an economic efficiency perspective. The payoff is a transfer, and the benefit goes to those who value it the most in dollar terms. The main problems are the transaction costs of corrupt deals and the elimination of qualified beneficiaries with high scruples. The obvious policy response is to sell the benefit legally. It is a good test of this strategy to ask if any significant public policy goal would be violated by charging fees as a rationing device. For example, if a country has a limited supply of import licenses to allocate, selling them to the high bidder will usually be the efficient strategy. Most economists would recommend doing away with import quotas entirely, but if that is not an option, an auction is second best. Related cases are trans-

parent auctions for privatized firms and broadcast licenses, and competitive bidding for contracts.

Second, consider the ways in which the first example is idealized. In particular, suppose that low-level officials are required to select only qualified applicants and that their exercise of discretion cannot be perfectly monitored. The overall supply may be scarce, as in the above example (for example, university places or government-subsidized apartments), or open-ended (for example, driver's licenses, business firm registration, certificates of occupancy for new construction). In either case, the officials' discretion permits them to collect bribes from both the qualified and the unqualified. The level of corruption will depend upon the options for the qualified. For example, can they approach another, potentially honest, official? If they can, no individual corrupt official has much bargaining power and so cannot extract high payoffs. In some cases, inter-official competition might push bribes so low that they are no longer worth accepting given the risks of disclosure (Rose-Ackerman 1978: 137-150, Shleifer/Vishny 1993). Incentives for payoffs will also depend upon the ability of superiors to monitor allocations. For example, a firm that builds a shoddy building may be able to hide the flaws, at least until it is tested in a fire or an earthquake. Government contracting and the sale of state assets by lower level officials also often fit this case. Superiors cannot perfectly monitor official behavior so lower level bureaucrats can collect bribes that permit contracts to be given to poorly qualified firms and that allow asset sales to bidders who do not provide the state with the highest return.

Third, the bureaucratic process itself may be a source of delay and other costs. In that case incentives for corruption arise as applicants try to get to the head of the queue or otherwise get better service. To further exploit their corrupt opportunities, officials may create or threaten to create red tape as a means of extracting bribes. This strategy is plausible in many real world applications because even honest officials need to take some time and trouble to process applications.

Turn next to cases in which officials impose costs rather than benefits – for example, they seek to collect taxes or threaten citizens with arrest. They can then extract payoffs in return for overlooking the illegal underpayment of taxes or for tolerating illegal gambling and drug operations. More pathologically, they can demand payoffs in exchange for refraining from arresting people on trumped up charges.

Each of these potentially corrupt situations raises the question of how bribery occurs. What explaines difference across individuals and societies in the incidence and level of payoffs? Part of the answer lies in the institutional framework that determines the nature and extent of the opportunities outlined above. However, within a given institutional environment, economic theory is poorly equipped to explain variation across individuals who face the same structural incentives. Some people clearly have more moral scruples or fear of exposure and punishment than others. Long-term, stable trusting relation-

ship further corruption in some cases and substitute for bribery in others. Both individual attitudes toward illegal activities and interpersonal relations affect the extent of corruption and the choices of individuals. However, given some background level of individual scruples and inter-personal solidarity, economics predicts that institutional changes that increase financial benefits and reduce costs will increase the incidence of corruption. The level of bribes paid is a function of the benefit at stake, the relative bargaining power of bribe payers and recipients, the risk of exposure, and expected punishments. Both cultural factors and objective measures of deterrence are important. Consider, for example, Fisman and Miguel's (2007) study of violations of traffic laws in New York City by United Nations diplomats. During a period when the law was not enforced against them, the level of violations was roughly correlated with Transparency International's Corruption Perceptions Index. However, the overall level of violations fell dramatically after a change in policy that gave the embassies an incentive to pay. Both financial penalties and 'culture' mattered.

In general, low-level corruption can lead to the inefficient and unfair distribution of scarce benefits, undermine the purposes of public programs, encourage officials to create red tape, increase the cost of doing business and limit entry, and lower state legitimacy. Notice, however, that corruption may have political benefits for incumbent politicians. The bribes may be paid at the lowest level in the hierarchy, but they may be part of an organized system that is used to favor political allies and to build campaign war chests, and not only to obtain individual cash benefits. At that point low-level corruption merges with high-level corruption.

'Grand' corruption shares some features with low-level payoffs, but it can be more deeply destructive of state functioning – bringing the state to the edge of outright failure and undermining the economy. The analysis of grand corruption must account for the possibility that top officials and politicians will create institutional environments that facilitate their illicit enrichment. Unlike low-level corruption, the institutional structure can be modified to increase the value of corrupt deals. To capture the reality of some cases we need to take account of the role of powerful non-governmental actors, be they large firms, criminal mafias, or other powerful bodies. Here, I assume that the general public is the principal and is harmed by grand corruption. However, this harm can occur even if ordinary citizens know nothing about corruption and the harm it causes. In that case, they are not in a position to correct the problem. Efforts at reform initiated by outsiders need to begin by convincing the populace that their interests are being undermined by corruption. In some cases, however, even if the damage done by corruption can be documented, no one may have the power or the political will to make systemic changes. I distinguish three variants.

First, a branch of the public sector may be organized as a rent extraction machine. For example, top police officials may organize large scale corrupt

systems in collaboration with organized crime groups, who are given a de facto monopoly on illicit activities. In practice, it may be difficult to know whether the police or the criminals have the upper hand. In the extreme, police may even arrest members of competing groups so as to maintain the dominant group's monopoly. Policing is probably the most dramatic example here, but tax collection agencies and regulatory inspectorates, to name just two, can also degenerate into corrupt systems where high-level officials manage and share in the gains of their inferiors (Das-Gupta/Mookerjee 1998; Rose-Ackerman 1978: 109-136; 1999: 27-38). These cases provide particularly strong examples of the vicious spirals discussed above. The principal/agent model still applies, but the proximate principal inside the bureaucracy becomes a pure rent-extracting body. Reform cannot occur without a thoroughgoing restructuring of the corrupt body that will require replacing personnel, changing its tasks, and introducing outside oversight, perhaps from civil society (Bardhan 1997: 1330-1334; Rose-Ackerman 1999: 107-109; Rothstein 2010).

Second, a nominal democracy may have a corrupt electoral system, with money determining the outcome. Here, there are many slippery slopes and difficult lines to draw. Political campaigns require funds from either public or private sources. Voters need to be persuaded to support particular candidates in one way or another, and corruption can enter in four ways. It can undermine limits on spending, get around limits on the types of spending permitted (that is, no direct quid pro quos), and subvert controls on the sources of funds. Finally, politicians may make payoffs to voters to get their support. There is no agreement about what should count as 'corrupt' in this context. The extremes are clear – vote buying and outright quid pro quo purchases of public benefits, but the more subtle distinctions are hotly contested (Rose-Ackerman 1978: 15-85; 1999: 127-174). Here as well, the analysis of corruption supplements work that studies the tradeoffs between the search for campaign funds and appeals to ordinary voters but ignores illegal behavior.

Third, governments engage in large projects can transfer assets in ways that have a significant effect on the wealth of domestic and foreign businesses. For example, they regularly contract for major construction projects such as highways and port improvements, allocate natural resource concessions, and privatize state-owned firms. High-level politicians may organize state institutions so that they can use their influence to collect kickbacks from private firms in all of these areas. The relative power of government officials and private interests may, in practice, be difficult to sort out. The extremes are kleptocracy, on the one hand, and state capture by powerful private interests, on the other. In some cases, concentrated power exists on both sides, and the institutional structure is a bargaining situation similar to a bilateral monopoly in the private market (Andreski 1968; Johnston 2005; Kahn/Jomo 2000).

Grand corruption can undermine state legitimacy and economic functioning. Most problematic is bilateral monopoly, where a narrow set of pow-

erful public and private figures controls the state. Some scholars dispute this claim. Using a market analogy, they observe that a monopolist seeks productive efficiency, and, in the presence of external effects and free riding, it is better to centralize power over resources. In Mancur Olson's term (1993), a 'stationary bandit' is better than a large number of 'roving bandits'. The evidence suggests, however, that most kleptocrats do not act like efficient monopolists. They are not that powerful. Far from choosing efficient projects that maximize monopoly profits, they need to buy off supporters. Given the risk of losing power, they often transfer their profits outside the country for safekeeping. The analogy to a private monopolist misses these aspects of kleptocratic government (Rose-Ackerman 1999: 114-124; Rose-Ackerman 2003).

Some claim that deep historical factors are the fundamental determinants of corruption and also can explain the impact of corruption on economic growth and other variables. If true, then one might conclude that countries cannot escape their history – some countries' pasts inexorably generate corruption. But that policy conclusion is overly pessimistic. Some statistical work uses historical factors for identifying purposes because they are clearly independent of present-day institutions. Thus, they solve the problem of simultaneous causation. Statistical work variously finds that settler mortality, colonial heritage, religion, and distance from the equator are good proxies for today's institutional structures (e.g., Acemoglu/Johnson/Robinson 2001). But these results do not imply that a country with background conditions associated with corruption and low growth cannot change, although it does suggest that change may need to be more radical and far reaching than in other countries. The massive transformations that have occurred in Central Europe, the former Soviet Union, China, and Vietnam demonstrate that change is possible and can occur quite rapidly. The transitions to democracy in Latin America and Asia, however unfinished and rough-edged, demonstrate the same point. Furthermore, in countries where widespread corruption has gone along with a strong growth performance, one can seek to understand both why corruption did not hold back growth and whether corruption had a disparate impact on particular sectors and social groups who bear the brunt of the corrupt gains earned by others. Such research could provide a more nuanced approach to policy-oriented studies that aim to understand how government and private sector institutions affect economic outcomes and the legitimacy of the state.

Research in anthropology and sociology stresses that cultural and social factors determine the level of corruption and explain why behavior is seen as corrupt in some societies but not in others (see de Zwart, this volume). Here too, the important issue from a policy perspective is whether these factors are exogenous or whether people react to others' behavior. For example, trust and trustworthiness can be a function of the behavior of others (Hardin 2002). A rational person will trust only those he or she believes are trust-

worthy. A person may be trustworthy not only as a result of moral scruples but also as a way of benefiting from the trust of others over time. In addition, people's view of the legitimacy of government may also depend up the fairness and even-handedness with which it operates. If some obtain benefits through corruption, others may view the state as illegitimate and become corrupt as well. As Rothstein (2010) argues, one advantage of universal benefits is that the state avoids having to decide who qualifies.

2. Empirical studies of the institutional economics of corruption

Empirical research on the economic determinants of corruption takes several forms. I describe research based on cross-country indices, studies that concentrate on institutional structures, results from surveys and experiments, and individual sector studies (see Rose-Ackerman 2004; 2006 for more details and references).

2.1 Cross-country studies

Cross-country research is mostly based on two similar indices of corruption developed by Transparency International (TI) and by the World Bank Institute. Both data sets are derived from perceptions of corruption as reported by the international business community and by experts in particular countries and regions. Thus, the indices do not represent hard measures of corruption, but both appear to capture, in a general way, its level as perceived by knowledgeable observers.

These indices have spawned a large number of studies demonstrating that corruption is associated with harmful outcomes and that institutions matter for growth. High levels of corruption are associated with lower levels of investment and growth, and corruption discourages both capital inflows and foreign direct investment (Lambsdorff 2003a; Mauro 1995; Wei 2000). Acemoglu, Johnson, and Robinson (2001) find that when the risk of expropriation is high, growth rates tend to be low. Most measures of institutional quality are correlated, and in this case, expropriation risk and corruption go hand in hand so that the same association holds for corruption. Corruption lowers productivity, reduces the effectiveness of industrial policies, and encourages business to operate in the unofficial sector in violation of tax and regulatory laws (Ades/Di Tella 1997; Lambsdorff 2003b; Kaufmann 1997).

Highly corrupt countries tend to under-invest in human capital by spending less on education, to over-invest in public infrastructure relative to private investment, and to have lower levels of environmental quality (Mauro1997; Esty/Porter 2002; Tanzi/Davoodi 2002). High levels of corruption produce a

more unequal distribution of income under some conditions, but the mechanism may be complex – operating through lower investments in education and lower per capita incomes (Gupta/Davoodi/Alonso-Terme 2002; Gupta/Davoodi/Tiongson 2001). Corruption can undermine programs explicitly designed to help the poor. For example, Olken (2006) shows how corruption and theft undermined a rice distribution program in Indonesia. Corruption and theft apparently turned a welfare-improving program to one that was welfare-reducing.

Corrupt governments lack political legitimacy (Anderson/Tverdova 2003) although the political supporters of corrupt incumbent governments, not surprisingly, express more positive views. Surveys carried out in four Latin American countries in 1998 and 1999 showed that those exposed to corruption had both lower levels of belief in the political system and lower interpersonal trust (Seligman 2002). Surveys of firms in countries making a transition from socialism provide complementary findings. Firms with close connections with the government did better than other firms, but countries where such connections were seen as important for business success did worse overall than those where political influence was less closely tied to economic success (Fries/Lysenko/Polanec 2003).

In circumstances of low government legitimacy, citizens try to avoid paying taxes, and firms go underground to hide from the burden of bureaucracy, including attempts to solicit bribes. Using data from the World Values Survey and Transparency International, Uslaner (2010) shows that high levels of perceived corruption are associated with high levels of tax evasion. Similarly, Torgler's (2006) study of attitudes toward tax evasion in Central and Eastern Europe show that when individuals perceived that corruption was high, they were less likely to say that people have an obligation to pay taxes. Thus, one indirect impact of corruption is to persuade people that it is acceptable not to pay taxes because government has been captured by corrupt officials and those who support them. As a consequence, corrupt governments tend to be smaller than more honest governments, everything else equal (Friedman/Johnson/Kaufmann/Zoido-Lobaton 2000; Johnson/Kaufmann/McMillan/Woodruff 2000). Thus in corrupt governments, the individual projects are excessively expensive and unproductive, but the overall size of the government is relatively small.

Unfortunately, the consequences of corruption are difficult to distinguish from the causes; the causal arrow appears to go both ways. Most of the results reported above could be flipped so that causes become consequences. An iterative process may operate where corrupt institutions limit growth and low growth encourages the development of corrupt institutions. Kaufmann, Kraay, and Mastruzzi (2006) examine the issue of causation econometrically and claim that the dominant direction of causation is from weak governance, including high corruption, to low growth. Under this view, the prescriptions of economists who urge countries to get their macro-economic incentives

right will not work unless the state has institutions capable of putting such policies into effect. Even if there is a feedback mechanism from low growth to high corruption and from high growth to low corruption, the growth process cannot begin without reasonably well-functioning institutions.

However, there are distinct limits to cross-country research. It assumes enough regularity in the phenomenon so that a single statistical model can cover the world. The relation between macro variables and corruption will indeed distinguish between very corrupt and very clean states. In the former, state failure is so pronounced that pro-growth policies cannot be carried out by the government. In the latter, the state is competent, and citizens support high taxes because their funds are used effectively to provide public services. But most countries fall in the middle range, and here the connection is less clear. Countries with similar rankings have very different institutional environments so that corruption is concentrated in different sectors. Furthermore, indices based on the perceptions of business investors may miss corruption experienced by ordinary people. This diversity in the middle counsels an emphasis on research at the sector and country level.

2.2 Corruption and government structure

Cross-country research does not test the actual mechanism that connects institutional measures to economic outcomes. Some research, however, has begun to explore these connections. These studies ask whether the specific nature of corrupt deals can help explain their impact and whether a country's constitutional structure is a determinant of the levels and types of corruption.

Kunicová and Rose-Ackerman (2005) study the links between constitutional structures and voting rules, on the one hand, and perceptions of corruption on the other. They distinguish between corruption that enriches elected officials and legal public spending programs with regionally concentrated benefits – 'pork barrel' politics. Only the former falls under their definition of corruption. They show that presidential systems are more corrupt, on balance, than parliamentary democracies and that proportional representation systems are more corrupt than first-past-the-post systems. The worst systems combine strong presidents with proportional representation under which a powerful executive can negotiate with a few powerful party leaders to share the spoils of office. Their results confirm Persson and Tabellini's (2003) finding that proportional representation system are more corrupt than first-past-the-post systems but contradict their more favorable results for presidential systems (see also Peters, this volume).

Federalism and decentralization add another dimension. One simple view derives from work in the political economy of institutions. Drawing on Barry Weingast's notion of market-preserving federalism, this view holds that decentralization will limit corruption both by making it easier for ordinary peo-

ple to monitor government officials and by giving them an exit option if officials are overtly corrupt (Weingast 1995). However, some work finds that federal states are more corrupt than unitary ones (Treisman 2000). Moreover, there are conceptual reasons to doubt a strong connection between decentralized government and integrity. Smaller polities may contain more uniform groups of people so that politics may be less competitive, leading to increased corruption. Local elites may seize control of a town or village government, but they may face greater collective action problems in larger government units (see Peters, this volume). A local kleptocracy may be especially difficult to control in rural areas in poor countries where wealthy landlords exercise political power and ordinary people have no realistic exit options (Bardhan and Mookherjee 2006).

2.3 Surveys and Experiments

Much recent research uses surveys and experiments to understand how business people and ordinary citizens experience and evaluate corruption. Surveys help to capture the way corruption affects different parts of society, and they highlight the connections between corruption and government legitimacy. Experiments permit a more controlled assessment of human behavior, but they may miss the nuance of real world situations where subtle interpersonal cues may operate to encourage or discourage payoffs.

The best survey work is based on households' experience with public officials, not just individual attitudes. Jennifer Hunt (2006), for example, uses detailed data from Peru to calculate the ratio of bribes paid to usage rates. She finds that the judiciary is the most corrupt institution, followed by the police. Surveys of business firms provide another window on the phenomenon of corruption. For example, World Bank surveys in Central and Eastern Europe document the specific ways that corrupt officials and intrusive rules affect businesses and show how corrupt environments impose costs (Hellman/ Jones/ Kaufmann 2003; Hellman/Kaufmann 2004; Johnson/Kaufmann/McMillan/Woodruff 2000).

Surveys demonstrate how firms manage to cope when legal institutions are weak. Informal relationships built on trust and private sanctions exist but cannot easily bear the entire burden of maintaining business deals. Weak states produce widespread corruption, private protection rackets, and the flouting of regulatory and tax laws. As I noted above, the system may be caught in a trap in which corruption breeds even more corruption in the future until it is all pervasive.

One institution that is particularly important is the security of property rights. In Eastern and Central Europe countries with more secure property rights have higher levels of new investment by established firms (Johnson/McMillan/Woodruff 2000; 2002). Property rights are less secure if brib-

ery and protection payments are common and if the courts do not enforce contracts. Thus, corruption is not a route to a secure relationship with the state but opens up possibilities for extortion. Furthermore, if firms pay for protection, either to private mafias or to the police, this reduces the security of rights as well (Johnson/McMillan/Woodruff 2002). Trust in the state as a reliable actor seems important. Firms appear willing to substitute legal and impartially administered taxes for the uncertainties of bribe payments and the dangers of relying on private protection services (Friedman/Johnson/Kaufmann/Zoido-Lobaton 2000). Thus, when corruption becomes part of the institutionalized business environment, it has serious feedback effects on the operation of private markets.

One way to study the impact of institutional arrangements on behavior is to construct experiments where the institutional environment can be manipulated to study behavioral responses. In the study of corruption, a few experiments exist, and this appears to be a fruitful area for future research. The experiments provide an interesting twist on the large body of research on trust games (Abbink 2006). Under a common laboratory scenario, payoffs in trust games are highest if players completely trust each other, but strict rationality predicts that players will maximize short-term gains by acting in untrustworthy ways. Experimental results are usually somewhere in the middle. The twist is that, in conventional games, trust is a desirable trait, but in corrupt situations trust permits illegal corrupt deals that are harmful for society. In the experiments the players exhibit some trust, meaning that they are willing to make payoffs that are destructive of other goals. Players do not take into account the social losses of their actions and are most strongly deterred by the possibility of punishment.

Researchers are beginning to carry out field experiments to see how corruption affects the delivery of public services or the allocation of licenses. Much of this work is still in progress, but a study of corruption in obtaining drivers' license illustrates their potential (Bertrand/Djankov/Hanna/Mullainathan 2006). That study documented how corruption raised the price of obtaining a license and permitted many unqualified drivers to be certified.

2.4 Sector Specific Anti-corruption Policies

Corruption is sometimes discussed as if it were a broad generic concept. In practice, however, it operates at the sector level. Thus, it is important to study how the institutional environment creates incentives for corruption in the delivery of particular public services, such as education, health, highways, or national defense. A World Bank publication provides an excellent introduction to this approach and draws on related work based on analyses of government service delivery, public works, tax collection, and customs (Campos/Pradhan 2007). This research highlights the importance of melding techno-

cratic institutional reform based on economic reasoning with a sophisticated understanding of the politics of systems that permit corruption to persist over time.

Reinikka and Svensson (2004) carried out a detailed study of the connection between accountability and corruption in the delivery of public services based on primary school financing in Uganda. They documented the severe leakage of central government funds as it was passed down to the grass roots – one dollar of central government funds only produced $0.13 in budget for local schools. This finding galvanized public opinion, and central government officials took action. They introduced a simple, information-based strategy combined with better monitoring from the center. After the reform's introduction, one dollar expended by the center produced $0.80 of local school funds, and school enrollment rose. Much of the improvement can be explained by a newspaper campaign that allowed parents to know how much money their children's school was supposed to obtain.

This example shows how institutions interact to produce or to stymie reform. An information strategy cannot be effective on its own. In Uganda, already existing parent-teacher groups used the information to monitor school spending. In other countries, more costly and complex interventions might be necessary. Education may be a special case because it is a service used by children on a daily basis, unlike, say healthcare, where demand is more episodic, and sick and injured users are vulnerable to exploitation.

Public works are a common locus of corruption. Golden and Picci (2005) have studied public works in Italy. They combine measures of the physical public capital stock with measures of historical costs to estimate the relative efficiency of public spending throughout Italy. Building on research that finds that corruption and waste go together, they assume that corrupt officials encourage wasteful projects as a way of generating rents. Overall, the physical index favors the northern part of the country, and the financial index favors the south. The ratio of the two provides a rough measure of the relative levels of corruption and inefficiency. Golden and Picci go on to show that regions with unproductive public spending tend to have more than their share of deputies accused of corruption. Political corruption is associated with waste and kickbacks in public contracts.

Tax and customs collection are a frequent locus of payoffs, and international financial institutions have many times attempted to reform these activities through institutional innovations. Research in Africa and Latin America has studied the impact of semi-autonomous revenue agencies (Taliercio, Jr. 2004) and of customs reform (De Wulf/Sokol 2004). The aim is to limit political interference and to get away from the constraints of the civil service system. In most cases reforms initially produced gains in revenue collection and falls in corruption. But as with many initiatives, the gains often were not sustained over time. For example, Fjeldstad (2006) studied the Uganda Revenue Authority (URA). After marked initial success, revenue be-

gan to fall, and corruption reemerged. He argues that the relatively high financial rewards given to the staff were ineffective in deterring corruption. Employment in the relatively well-paying URA escalated workers' obligations to provide financial support for their extended families creating incentives to take bribes. Political interference and patronage also undermined reform goals. The tax law was complex and unclear and left room for widespread discretion. This encouraged people to use connections to get special treatment.

To avoid these political and social dynamics, it is sometimes possible to turn over an aspect of government operation to an organization located entirely outside the country. Yang (2006) has examined the most prominent real-world example – private pre-shipment inspection (PSI). PSI firms value imported goods before they leave their port of origin and then earn a fraction of the value of the imports. More than 50 developing countries have hired PSIs over the last two decades. At the aggregate level, these programs appear successful and cost effective. Reductions in corruption are a prominent cause of these increases. But success is not guaranteed, and the failures shed light on the conditions under which such programs are likely to succeed. Yang focuses on two countries: the Philippines and Colombia. He finds that if PSI only covers a subset of potential methods of avoiding import duties, then there can be substantial displacement to alternative methods. Furthermore, PSI firms and their employees must not be corruptible themselves.

3. Conclusion

The study of corruption is well suited to the institutional economics framework. An understanding of the incidence and effect of corrupt payoffs and private networks requires one to understand how institutions work – both formal structures and informal networks. Further, corruption benefits the recipients of bribes and may also benefit those who pay if they can obtain undeserved or expedited benefits in return. Hence, on the one hand, corrupt officials and politicians may seek to reorganize the state to increase the opportunities for enrichment. On the other hand, satisfied bribe payers have no incentive to blow the whistle on the practice. As I recognized in my first 1978 book, corruption is an archetypal topic for political economic analysis. Even if one evokes cultural and social factors, one cannot deny that self-interest plays a prominent role. Reform may seek to change the norms of officials and private individuals, but it must also deal with the underlying incentives for payoffs by rearranging the rewards and costs of corrupt and honest behavior. Institutional reform is a necessity and must take into account the insights of institutional economic analysis.

To see how corrupt incentives operate in practice, this chapter has selectively summarized empirical research on corruption that emphasizes the role

of institutions. Common patterns recur throughout the world and across sectors, so that the lessons learned in one area have relevance elsewhere. But it is also essential to examine the institutional structure of particular systems or sectors. The underlying economic incentives for corruption in public works, the police, the judiciary, tax and customs collection, and procurement are common throughout the world. Yet the incidence and severity of the problem vary widely. Effective policy cannot just concentrate on catching and punishing 'rotten apples'. Policy must address the underlying conditions that create corrupt incentives, or it will have no long-lasting effects. The sorts of structural and incentive-based policy responses that are outlined here – both the successes and the failures – can guide governments that are genuinely committed to reform.

Yet, I end on a note of caution. Clever technical solutions, based on economic incentives, may not be enough. If corruption is one of the pillars supporting a political system, it cannot be substantially reduced unless an alternative source of revenue replaces it. Powerful groups that lose one source of patronage will search for another vulnerable sector. Strong moral leadership is necessary but not sufficient. Tough political and policy choices need to be faced squarely. It is little wonder that effective and long-lasting corruption control is a rare and precious achievement. But it is not beyond the power of determined and intelligent political reformers.

Chapter 5: Understanding corruption: How systems theory can help

Petra Hiller

1. Introduction

Network relations have been a principal focus of empirical policy and administration research at least since the 1980s.[1] Examples that immediately spring to mind are the debate on neo-corporatism and the 'cooperative state', not to mention the abundance of literature that has analysed policy networks. Viewed from the perspective of political and administrative science, networks of this kind react to difficulties in the administration of national policy. Networking is an attempt to control environmental uncertainty. Less often discussed in this context, however, is the perception that under conditions of this kind, the opportunities for corruption also increase.

More recent studies have shown that corruption primarily takes place inside a network of structures interlinking politics and business (Bannenberg 2002; Höffling 2002). The economisation of the public sector proceeding under the banner of 'New Public Management' seems to be giving further impetus to this trend (Maravić 2007). If this is true, then we must ask (a) why corrupt networks are mainly found in politics and (b) how sociologists can best explain this.

I develop a proposal in this article that seeks to answer these two questions by considering the issue of 'corruption and networks' within the context of social theory. The adoption of a social theory perspective entails that the terminology and standpoints habitually applied in corruption research may require some adjustment. The following deliberations thus begin with the conviction that a sociological analysis must break free of the concepts of corruption developed by political science research (2). The alternative I propose is to explore corruption from an organisational and social perspective. This will allow us to conceive of corruption as a linkage of different horizons of meaning in social communication and therefore to identify a structural affinity with the constitutive conditions of networks (3). In a further step (4), I will investigate why the political domain appears to be particularly susceptible to corruption. The an-

1 This article is based on an earlier German version entitled 'Korruption und Netzwerke. Konfusionen im Schema von Organisation und Gesellschaft', in: Zeitschrift für Rechtssoziologie 25, 2005, pp. 57-77.

swer lies in the nature of moral observation, which personalises political communication and in this way fosters scandalisation of behaviour. Section 5 portrays network formation as a linkage technique that (in exactly the same way as corruption) represents a breakdown in functional differentiation. The concluding remarks on corruption and networks sum up this notion (6).

2. Corruption research

Corruption research is still guided by Joseph S. Nye's definition of corruption as 'behaviour which deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence' (1967: 419). Thus, research on political corruption understands it to mean *abuse of political power*, where abuse implies a breach of regulations involving the exchange of political power for other resources. And so political corruption denotes a manner of exerting influence on political decisions in order to serve particular interests at the expense of the general public. The classical definition thus depicts corruption as a kind of antonym to the 'common good' (Gebhardt 2003: 16). This conception of corruption has been refined in a variety of ways (cf. Gardiner 2005; Kurer 2003; Philip 2002). Approaches inspired by democratic theory now suggest that the distinction between private and public – which is a crucial element of the traditional definition of corruption – should be replaced by a distinction between inclusion and exclusion (Warren 2004). Generally, however, research on this topic situates political corruption at the level of individual behaviour and motive attribution (e.g., Graeff 2005; Jain 2001), and so crucial queries regarding the conceptualisation of its subject matter can only be resolved in definitional terms and not with the means offered by a social science theory. Some criticism has been voiced about this very issue. It has been asked, for instance, why corruption research should be restricted to examining economic advantages gained by individuals, why the acceptance of advantages on behalf of third parties (beyond family or private clique structures) should be excluded, why corruption should refer only to abuse of public resources, when legitimate exercise of influence turns into corruption and how this definition applies to the phenomenon of corruption networks. Problems of this kind, which are inevitable given a conception of corruption built on case studies and patterns of deviance, are discussed by Gardiner (2002). I argue that this type of approach fails to make use of the full potential of corruption research. It remains limited to describing types of behaviour and to characterising individual cases. Thus, corruption research does not arrive at a theoretically solid grasp of its subject.

My thesis is that this failure has the following cause: While it is true that corruption occurs through the exercise of influence and the assertion of inter-

ests at the level of organisations and networks, it is also true that corruption cannot be explained theoretically at this level. Sociological considerations must therefore approach the question at a more fundamental level and ask in which *social* structural conditions corruption arises. Consequently, a sociological exploration will not allow its viewpoint to be narrowed by political science considerations. The first task is to describe what happens in terms of the formation of social structures when corruption is observed in organisational contexts.

To this end, we must first examine the *relationship* between organisation and society and then strictly abide by the resulting distinction between system levels. The main theoretical and conceptual underpinnings used in this perspective have their basis in differentiation theory, which is the approach I will maintain in the following. I proceed on the assumption that only a conception of corruption which is grounded in social theory and which deviates from the popular conceptualisation found in the literature permits an adequate understanding of the problem. It will become clear following my proposed definition that the phenomenon of corruption does indeed have a special affinity with network formation, but that this association can also only be reconstructed within an analysis guided by social theory. Moreover, the analysis of organisation and society from the perspective of differentiation theory confirms the notion that structural formations such as corruption and networks should be described as effects of functional differentiation and not, as sometimes assumed, as a 'de-differentiation' phenomenon taking place in modern society.

In this theoretical perspective, the concept of corruption is used in a *non-ontological* manner. Niklas Luhmann's systems theory with its differentiation theory perspective, which I will use in the following, is a constructivist observation theory. The epistemological background implies that systems theory does not consider the ontological characteristics of an object, rather asks how and by whom something is observed. In other words, within the framework of this epistemology, there are no definitions that are independent of the observer. Theory formation takes place at the level of second-order observations. A corresponding constructivist theory of corruption, which distinguishes itself from action theories, will thus not ask what corruption 'is' and what the causes of corruption 'are'. Instead, the central question asked by such a theory will be *how and by whom corruption is observed*. Systems theory thus differs substantially from causal scientific theories of knowledge. Its method is functional analysis – a prerequisite of theory formation by abstraction. The advantage of this approach for the acquisition of knowledge is that one can use it to evidence *general* structure formations in society, which can then be compared in respect of functional equivalents (Luhmann 1970: 9-30).

3. Differentiation

These considerations lead us to the question as to what we would see if, instead of treating the phenomenon of corruption at the level of organisations and networks, we were to look at it from the point of view of functional contexts in society. Smelser (1971) has already presented a proposal of this kind based on differentiation theory. Drawing on Parsons' theory of generalised interchange media, Smelser describes very precisely how social differentiation is a prerequisite for corruption.

Under Niklas Luhmann's project of systems theory, social communication is structured in accordance with specific functions (politics, law, business, etc.). Here, Luhmann's theory departs radically from Parsons' ideas in that it switches from 'action' to 'communication' as the basic unit of operation of social systems. Moreover, Luhmann holds that functional systems in society are autopoietically closed systems. When functional codes are reproduced, only communications that are specific to the respective meaning system are recognised. This means, in turn, that at the level of *functional systems*, political decisions can only be justified politically and economic decisions can only be justified economically. Linkage between the codes of different meaning systems is therefore excluded. The legal system deals with each communication by distinguishing between legal and illegal, because this is the only kind of operation that has meaning for the legal system and is therefore suited to reproducing it (Luhmann 1981). All other types of communication, in other words communications that cannot be identified as being either legal or illegal but that may nonetheless arise in *organisations* of the legal system (political, economic, aesthetic, or religious decisions, for example), are not attributed to the functional system of law but to its social environment. Thus, in the functional differentiation is a mechanism that avoids confusion among functionally differentiated systems.[2]

But everyday experience tells us a very different story. Take the neoliberal 'reforms' of the European welfare state over the last twenty years, for instance. In areas of this kind, policy decisions are not only motivated politically, but increasingly also economically. And this does not only apply to politics. If we shift our focus to the legal system, we see that juristic decisions are not motivated purely legally, but that economic, pedagogical and sociological considerations are just some of other factors also brought into the equation. These examples demonstrate that the functional differentiation of society is by no means maintained at the organisational level. Functional systems quite evidently follow their own logic and, as a type of social system, this also goes for organisations. Thus, we must make a distinction be-

2 I borrow the term 'confusion' from a formulation used by Luhmann (2000a: 92) to deal with the differentiation between role and person.

tween *functional logic* and *organisational logic*. This insight gives us important pointers for an understanding of corruption based on social theory.

In everyday communication, the label of 'corruption' is primarily applied in cases where money has changed hands. The allegation of corruption implies that politicians and political organisations can be bought. From a systems theory perspective, the allegation of corruption simply means that the political system has been infiltrated by the logic of an extraneous system. In this particular case, power is exchanged for money and political decisions are no longer determined only by political concerns. More specifically, if corruption is the abuse of political power, then it is abuse in favour of a different logic – in this case an economic one. And this brings us to the proposed definition of corruption already found in Smelser (1971): What is observed as corruption is actually the *linkage of different horizons of meaning* in social communication. But how do these linkages of meaning that we call corruption come about? The answer to this question is not found in the functional contexts of society but at the level of their organisations.

In order to develop this argument, we must take Smelser's considerations an important step further. Smelser's conceptualisation does no more than observe an overlap in particular situations of different media of interchange between the public and the private sector. If we want to carry out a more thorough analysis, however, we must take the relationship between organisation and social differentiation into account (Luhmann 1975: 9-20). And so we arrive at a question which is given too little consideration in corruption research. As far as I can see, corruption research makes no systematic distinction between the political system and political organisations. And yet an analysis guided by differentiation theory of the relationship between organisation and society can yield much more telling insights. Some observers suggest that organisations can be allocated one-on-one to particular functional systems, or that they should be viewed as subsystems of functional systems. But we cannot resort to shortcuts here, such as linking organisations back to functional systems and seeing the latter as the determinants of organisations' decision-making. The system type 'organisation' is not structured in accordance with the coding of functional systems (Nassehi 2002). For this would mean abandoning the distinction between organisation and society or, more precisely, abandoning the differentiation between system levels and system types in the framework provided by the theory of functional differentiation. A differentiation theory perspective will thus proceed on the assumption that there are complementary processes of system formation and will describe the reproductive link between organisational and functional systems in terms of a relationship of reciprocal conditioning (Lieckweg/Wehrsig 2001). If we consider that organisation has differentiated itself as a separate category of system that cannot be derived from functional systems, then we can achieve a more precise understanding of the problem by distinguishing between organisation and society. We can then acknowledge that organisations participate in

several different functional systems and that their decisions are not governed by just one logic of meaning. In order to survive in society, organisations frequently have to give weight to different criteria when making decisions. At the same time, it is clear that most organisations have a *basic orientation* towards a certain functional logic to which they are then assigned. It is only when we see a preeminent orientation and corresponding attributions to functional systems that we speak of *economic*, *scientific*, *political*, etc. organisations.

The distinction between organisation and society is also important in another respect in any exploration of corruption. We had already established that functional systems are meaning systems: they are responsible for coding communication. As functional subsystems, they cannot make decisions and they cannot communicate. This is not the case for organisations, however, which are social systems that reproduce themselves by means of decisions and that communicate through decisions. This is very significant when it comes to the issue of corruption, for when corruption is observed, then it is in the form of *decisions*. Thus, corruption arises when organisations (networks, groups or individuals) that are assigned to particular functional contexts fail to uphold the appropriate functional logics in their decisions. Corruption is an example of organisations 'using the codes of functional systems in accordance with their own logic' (Lieckweg/Wehrsig 2001: 40). Alfons Bora has shown that these processes must on no account be considered as phenomena of de-differentiation of modern society. What is interesting is that such processes show that functional differentiation is maintained at the level of functional systems. Moreover, it is the very differentiation of specific horizons of meaning in communication (truth, money, power) that allows the linkage of different logics of meaning. If society were not functionally differentiated, then corruption could not be observed (cf. Smelser 1971). Using the example of the politicisation of legal decisions, Alfons Bora demonstrates empirically that functional differentiation is a prerequisite for the confusion of horizons of meaning, for these can only occur within this framework (Bora 1999). Social trends such as politicisation, juridification, scientification and economisation are thus consequences of decisions taken at the organisational level whose genesis cannot, however, be adequately described by organisational sociology. Each of these trends exemplifies the observation that the dominant orientation of an organisation's decision premises has allowed itself to be corrupted by another logic of meaning. Now we may ask whether certain types of organisation are more susceptible to corruption than others, although it will not be possible to develop this question within the framework of systems theory. Systems theory's strength lies in the elaboration of a *general* theory of formal organisation. But a general theory cannot achieve a respecification with respect to particular types of organisation. While systems theory does differentiate organisations in terms of functional systems by asserting – as pointed out above – that organisations have a basic orientation

towards a certain functional logic, it does not provide a theoretical explanation for this (implicit) typologisation of formal organisations (cf. Tacke 2001).

To sum up, infiltration by an extraneous logic does not take place in the functional systems of society, rather at the level where decision-making is determined. This insight, which is owed to systems theory, takes us a decisive step further than Smelser's analyses. The decision premises of organisations adopt extraneous criteria, and so it is at the level where decision-making is programmed that logics of meaning can become confused. Thus, it is not politics that is corrupt, nor even the political system, but the organisations, networks and individuals who belong to the political system (cf. Baecker 2000).

If we generalise this observation and view corruption in differentiation theory terms as a linkage between different system logics, then there are important consequences for a sociological perspective on the topic of corruption. *On the one hand*, it becomes clear that corruption emerges as society is differentiated. *On the other hand*, it likewise becomes clear that the phenomenon of corruption cannot be restricted to linkages between politics and business. This can be demonstrated by an example from the German health system known as the 'heart-valve scandal', which took place in the mid-1990s and involved a total of 1,860 doctors and technicians working in 418 hospitals.[3] This group of people cheated the German health insurance funds, and thus their contributory members, by overcharging for heart valves and technical appliances. The intersection of different horizons of meaning, in this case medicine and business, is also evident in this example. And it is only because there is this intertwinement of functional systems that we call corruption. When norms are breached within the confines of the context of medicine, then this is considered malpractice or a violation of the Hippocratic Oath. In the context of business, such deviations from the norm are said to constitute fraud, bribery, or white-collar crime in general. But corruption is only observed when different horizons of meaning intersect. And there is no need either for money to change hands or for the law to be broken in order for corruption to be observed. The conceptualisation of corruption I have proposed here as the linkage of different horizons of meaning in social communication allows us to *compare* very different forms of corruption from the same perspective.

An example of corruption without money changing hands can be found in the practice of linking science with politics. In other words, scientists are corrupt when their work is guided by political rather than truth criteria.[4] Such work is then recognised as being 'partisan', for example as being too friendly

3 The numbers involved are provided simply to give an idea of the empirical dimensions of a corruption network. For additional data and a description of this case, cf. Scheuch (2002).

4 The example does not refer to a kind of science that can be bought, rather to science that proceeds on the basis of a particular ideological standpoint.

to trade unions, and is filtered out of scientific communication. The same kind of corruption can be found in the art world, especially in the case of commissioned work. An artist can be rapidly judged to have succumbed to corruption when expectations that are external to art (e.g., political correctness) become relevant.

Another example of a system being infiltrated by an extraneous logic is when political decisions are based on religious arguments – for example, in the case of political decisions regarding the application of reproductive medicine, or when the question of tolerance of religious symbols in schools is on the political agenda. There are many other examples, and in every single case what we are clearly dealing with is a breakdown in functional differentiation at the level of organisations and networks.

This conception of corruption, which is grounded in social theory and defines itself in terms of differences in meaning and the linkage of different meanings, reframes the questions at the heart of corruption research. It does not distinguish between conformist and deviant behaviour, nor does it deal with any of the particularities of the abuse of public goods. The shortcomings of the latter kind of conceptualisation are all too familiar. Even the question as to what exactly constitutes 'abuse' can bog the debate down in definitional disputes.[5] And so we arrive at a conception of corruption that may irritate some readers because it diverges so significantly from the customary definitions. This is not only because a theory-driven vision of corruption must ignore the boundaries of the *public sphere* in order to be able to show in a social theory analysis that such structural intersections occur in all sectors of society, not just in politics. Unlike everyday communication, in which corruption is always considered to be reprehensible,[6] a theoretical reconstruction dispenses with normative preconceptions. This allows us to describe the constitutive conditions of such structural formations and also to examine cases of positively assessed corrupt behaviour.[7] The evaluation of corruption does not

5 In the simplest scenario, a change in the law would suffice to render corrupt behaviour acceptable. Possibilities that spring to mind are funding for political parties and the 'second' jobs of parliamentary deputies. Indeed there have been many cases (not only in Italy!) of these and other kinds of corruption being legalised (Kurer 2003: 46).

6 In their reflections on the concept of corruption in everyday language, Fleck and Kuzmics point out that '*what* is considered morally reprehensible and *whether* certain behaviour is considered in this way varies from time to time (and from place to place), but *the fact that* attributing the label is equivalent to an evaluation is as good as unaffected by social change' (1985: 7, original emphasis). This observation is also confirmed by the word's etymology. *Corrumpere:* 'spoil', 'debauch', 'damage', 'demolish'. Incidentally, the same connotation has also penetrated political and social science analyses. Cf., for example, C. J. Friedrich's influential work 'The Pathology of Politics' (1972).

7 We are in good sociological company here, as shown by a glance at Max Weber's work: 'Weber consistently makes 'technical' use of the corruption and bribery vocabulary of Western culture, but he never adopts the values with which these labels are charged and sensationalised. Corruption and bribery are placed in a relational context and in most citations

take place at the level of its constitution, but at the level of its observation by society. And this brings us to the topic of 'morality'.

4. Morality

It is easy to see that the social observation of corruption is a matter of moral communication. In the perception of third parties, the intermingling in politics of different logics of meaning is considered morally reprehensible. Observers can invoke the expectation that particular horizons of meaning (power, truth, etc.) should be upheld. When this does not happen, then we are faced not only with a violation of norms, but in a very moral sense with political or scientific or some other kind of abuse. Interestingly enough, such moralisations can be highly selective. If an entrepreneur against his or her own economic wisdom does not shut down a business outlet that is operating at a loss and motivates this decision politically in terms of a sense of responsibility for local employment and for the development of the region (thus linking the meaning horizons of politics and economics), then this entrepreneur would never be considered a corrupt businessperson. Likewise, the decision to keep operations afloat would never be considered morally reprehensible. On the contrary, an entrepreneur of this kind would become the object of an unusual degree of moral esteem. Thus, morals do exist in business, and they also make a difference. A good example here is the *Brent Spar* case. *Brent Spar* was the name of an oil-storage platform located in the North Sea that the *Shell* company decided to sink on site in 1995 because this was likely to be cheaper than disposing of the structure on land. In a campaign that attracted huge media attention, the environmental protection organisation *Greenpeace* succeeded in persuading the company to dispose of *Brent Spar* on land after all for ecological reasons. In this case, too, then, there is an evident fusion of system logics that was by no means considered morally reprehensible. The same applies to the example mentioned above of religious arguments infiltrating politics. This type of linkage of different logics of meaning is usually not called into question for moral reasons. At least in Germany, one rarely hears the allegation that politics has allowed itself to be abused or corrupted by religion. So how do such differences come about? We will clarify this question in the following, for otherwise the proposed conception of corruption would appear substantially less plausible.

The observational framework of morality, that is, approval versus disapproval of behaviour (Luhmann 1978), is clearly applied selectively, for the linkage of different system logics is not always subject to disapproval. In fact, once again 'at the end of the day it is the communicative purpose that

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they are identified clearly as 'structural' social realities, not as motivational phenomena or universal moral standards' (Schmidt 2003: 72).

gives a moral quality to a meaning or a sign' (Luhmann 1978: 52). The fact that the presence or absence of corruption depends on observation becomes very evident within the context of morality. And this becomes even clearer when an additional distinction is introduced, that is, the distinction between *self-serving* and *selfless* corruption.[8]

It can be assumed that politics is particularly exposed to moral judgement and that bribery in politics is considered especially reprehensible. One of the likely reasons is that political power is bestowed by third parties and also constitutes a relationship of subordination, so that the exercise of political power comes attached to moral expectations. This bond is further strengthened by the fact that moral communication has a strong personalising effect, which increases the likelihood of conflict. Thus, moral communication finds a particularly welcoming ground in politics, for in the political system, too, decisions are attributed to a substantial extent to individuals (Luhmann 2000b: 380). The strong tendency of moral communication towards personalisation and its associated tendency to engender conflict together facilitate the scandalisation of events in the political system (e.g., the exposure of corruption) – something which is much less easy in other subsystems of society.

But one can also find examples where there is no moral condemnation of political corruption. Morality is not always dosed out in the same way. Evidently, the moral observation of corruption depends on whether or not a special advantage has been obtained. The impetus to moralise wanes when the particular gain that arises as a result of corrupt behaviour is not received by an individual but actually benefits a collective interest (however 'particular' that interest may be). We are familiar with the moral evaluation of deviant behaviour when it takes place in a 'selfless' way. For instance, there is something altruistic about the destitute mother who steals to feed her children, and even criminal law takes her circumstances into account. Self-enrichment for reasons of greed, by contrast, is reprehensible. So we see that the judgement varies depending on whether exclusive advantage has been obtained or whether third parties have benefited. This is an example of the 'double standard' of moral communication (Luhmann 1978). It makes a significant difference to moral judgement if evidence of altruistic motivation can be found behind deviant behaviour. This is why moral judgement tolerates advantages obtained on behalf of third parties. As an example of the 'double standard' of morality, we note that until 1999 in Germany, bribes that were paid to attract foreign contracts were tax deductible as business expenses. The reason given for this practice was that it did not damage the German taxpayer in any way; on the contrary, when the bribes paid off, the taxpayer would be rewarded through the overall increase in tax revenue.[9] In the moral

8 This leads to an interesting departure from current definitions of corruption, which are based on the distinction between damage to the common good and no damage to the common good. Morality is interested in whether or not personal advantage has been 'earned'.

9 This and the following example are taken from Scheuch (2002).

observation of corruption, therefore, it makes a difference whether the latter is seen as *personal enrichment* (self-serving behaviour) or as *selfless corruption* (Scheuch 2003). The party-funding scandal under the Kohl government demonstrates this distinction again quite clearly. When the then Federal Chancellor was accused of illicitly receiving two million Deutschmarks, he defended himself by saying that he had violated the German Political Parties Act only for the good of his party and that he had in no way personally enriched himself. In other words, he had engaged in *corruption for the benefit of the corporation*, as Scheuch dubs this pre-modern practice. And again morality (the moralising of society) makes a distinction here.

There are therefore thresholds of tolerance in the moral observation of corruption and these thresholds are based on just one convention: corruption carried out in the interests of the collective tends to be tolerated. This observation entails a whole package of other explanatory factors that cannot be detailed here. But it is now clear why international organisations are believed to be particularly corrupt. There are many familiar examples: member states of the European Union that exploit the EU budget for the good of their own countries (Warner 2000); the United Nations, which is believed to be so corrupt that the USA managed to refuse to pay its U.N. dues for years on the basis of this argument; the World Bank, which was pilloried by its own directors when corruption there got completely out of hand (Eigen 2003). Network relations in international and global organisational contexts offer the perfect structural conditions for the practice of selfless corruption.

Taken together, these considerations suggest an answer to the questions posed above as to why there is an absence of disapproving moral judgement when religious provinces of meaning infiltrate politics or when economic organisations act politically. The reason is that no self-interest is observed in these cases. Thresholds for moralisation vary depending on attribution. This is why politics can be corrupted by religion, science, law, etc. without this causing moral indignation. Likewise it explains the many examples of corruption for the benefit of the corporation (company, political party, school, etc.) that are not considered to be instances of corruption in everyday communication. And it also explains why politicians are often forced to resign as a consequence of relatively harmless cases of illicit gain: this is more likely to happen when their behaviour is considered to have been directed towards personal enrichment. These preliminary considerations indicate that the moral observation of corruption is one of the most exciting areas of corruption research. Thus, both for theoretical and empirical research, the most important question in the field becomes the problem of the second, moral observation of linkages of meaning – this is the challenge against which a definition of corruption based on differentiation theory must prove itself.

What still remains unclear, however, is the relationship between corruption and networks. This question will be dealt with in the following section.

5. Networks

If we think about networks in politics, then the *spoils system* comes to mind. Political organisations appear to specialise in controlling official posts and power advantages by means of networks of relations (Luhmann 2000a: 110). In the political domain, vacancies are usually not filled on the basis of external recruitment but as a consequence of internal promotion (Bosetzky 1974; Luhmann 2000a: 104). Networks of contacts are activated in order to push through exclusionary decisions (Luhmann 1995a: 237-264). While, on the one hand, careers are owed to the selection procedures practised by organisations (Luhmann 2000a: 101), on the other, selections (decisions) are always under-determined by formal criteria. Even supposedly 'rational' personnel decisions are influenced by particular interests. And yet patronage is not always met with disapproval. There are examples observed in political and economic organisations that demonstrate that the acquisition of loyalty through selective recruitment is socially acceptable. This applies, for example, to enterprises that favour the children of their employees when recruiting apprentices. There are strong indications that such family network structures also come into play in the allocation of apprenticeship places in the public administration and in connection with careers in party organisations.

We see patronage as the *forecourt* of corruption. In other words, we deviate from the familiar understanding of the concept, which includes patronage under the label of corruption as a form of 'abuse of political power'. But if our point of departure is that corruption corresponds to the linkage of different horizons of meaning, then it becomes clear that patronage is a different type of use of political power. Contact networks of this kind do not seek to link different functional logics. Their brand of particularism organises recruitment within the confines of system contexts (political, economic, scientific, etc.). At the same time, however, this can constitute a kind of preparation for corruption, for in this way expectations can be established. Just as it is generally accepted in the case of gift exchange (Mauss 1990), it is not the good that is given that creates an advantage for the patron, rather the obligations that are created through the giving (and receiving!), however indeterminate these obligations may be. Patronage establishes expectations of reciprocity (Stegbauer 2002).

When what is at stake are not apprenticeship places or patronage, rather leadership roles for which external candidates are sought, networks become important in another sense. In this case, it is the contacts enjoyed by individuals that seem to legitimise a style of personnel recruitment that draws on personal relationships. In a sense, what is recruited is the candidate's network, which is counted as a gain for the organisation. When it comes to filling leadership positions, professional personnel recruiters are actually expected to adopt this kind of approach. Thus, when it seemed that *Deutsche Bank* would soon need a new chief executive, it was felt that it might be a

good idea to offer the position to a well-known politician because he or she would be certain to have good contacts in Brussels. In this case, an individual's network is explicitly identified as an outstanding characteristic and as a reason to consider a politician for the job and not, for instance, a candidate from the financial sector.[10] This is a patent example of linkage between the meaning horizons of politics and business being viewed positively. Indeed, when it comes to positions on supervisory boards or advisory committees, this is one of their very functions. The same applies to the advisory committees of other organisations, such as in science, sports, or art. Their purpose is to act as a conduit for the infiltration of foreign rationalities into their own organisational context. Networks of this kind serve as a means of coordination with the organisation's environment (Luhmann 1995a: 237-264). Such links are suspected in everyday communication as being corrupt when no visible 'payment' is made for the indulgences that are disbursed. For even if there is no proof of direct influence on the decision behaviour of individuals, everything we know about reciprocity tells us that 'some kind' of payment will be made.[11] Reciprocity as a *universal* norm tells us that one-sided payments must always be seen as advance payments that imply the expectation of subsequent settlement: 'Because reciprocity is a general guide to action with which everyone is familiar, it is almost unthinkable that a person could receive a gift without giving something else in return, especially when the names of the givers have remained a secret' (Stegbauer 2002: 71). What immediately spring to mind here are anonymous donations to political parties. But the same also applies to white corruption, such as including politicians on the payroll of enterprises.

Both network research and corruption research identify particularism as the driving force behind the establishment of such arrangements. Differentiation theory takes a different perspective in that it examines the relationship between functional systems and organisations or networks. It thus becomes evident that different logics of meaning cross paths at the organisational and network level. The particularism of such structural formations can then be described as a secondary effect that only emerges as a result of the confusion of different meaning horizons. And the question as to which structural preconditions render networks susceptible to corruption can now be clarified. When organisations establish networks between politics and economics, they also create linkages between functional areas of society. In other words, network formation is a *linkage technique*.

This conception of network formation as a linkage technique draws on a proposal developed by Veronika Tacke (2000) in the context of network theory. She believes that networks are constructed by means of a reflexive com-

10 Cf. 'Aktionärsrevolte: Hedgefonds will Deutsche Börse verkaufen'. *Spiegel Online*, 10 May 2005. URL: http://www.spiegel.de/wirtschaft/0,1518,355331,00.html.

11 Let us recall at this point the 'do ut des' principle of Roman contractual law: 'I give so that you may give'.

bination of *addresses* that are embedded in different contexts of meaning. Addresses are thus said to be 'polycontextural'. The construct of addresses indicates that organisational networks – just like personal networks – do not link individuals, but the *characteristics* of individuals (or positions or official functions). This means that networks link specific – not arbitrary – addresses. These considerations evince the structural similarity existing between corruption and networks. It is therefore no surprise that the increased significance of personal and organisational networks discussed in the literature since the mid-1980s has also been seen in relation to 'de-differentiation'. As Veronika Tacke shows, however, networks, in order to develop, require a functionally differentiated social structure. For it is only in such conditions that polycontextural addresses can emerge at all and then be re-combined in response to the new opportunities created by the linkage. We can also apply this reasoning to the level of organisational and contractual relationships and ascertain that the purpose of hybrid organisational networks is not to dissolve organisational boundaries; on the contrary, the parasitic nature of networks is evidenced by the fact that they latch onto existing structures: 'Networks of this kind lack an independent existence from the outset, as many traditional interpersonal networks have. They only develop where exploitable institutions already exist' (Teubner 2001: 561).

The structure of networks of personal contacts teaches us that successful relationship networks really do establish a link between addresses from different context meanings. Their particular characteristic is to constitute a bridge across 'structural holes' (Burt 1992). Ronald Burt has examined this quality in the organisational context, using the example of personal networks that transcend departmental, functional and group boundaries. Burt believes that the success of these structural formations lies in the intersection between 'social worlds' and that this is evidenced by the 'heterogeneity of the contacts' (Burt 2004). In the language of differentiation theory, address networks of this kind create a link between different horizons of meaning in communication. In this context, Burt emphasises the technique of *brokerage* underlying the linkage of addresses. And he also discusses the *corrosive effects* that may accompany brokerage, such as fraud, organised crime and corporate misgovernance (Burt 2004: 354).

If we want to look at networks of contacts between politics and business that are found beyond organisational boundaries, then we can examine this linkage technique in an area of the service sector that specialises in the creation of networks of addresses. I am referring to lobbyists who act as commission brokers or 'PR advisors' and who play a vital role in the realm of corruption. The particular service provided by these *address brokers* is to connect people from different functional contexts. Here, too, it is not the individuals themselves but the specific characteristics they possess – such as capacity to exert influence – as a consequence of their position in a particular organisation that make specific addresses interesting for networks. Both the

recruitment of specific addresses and the motivation to participate in a network are guided by the following consideration: What possibilities that I currently do not have can become available to me through the possibilities of others? The possibilities in question can range from access to intentions regarding future investments to decisions regarding the provision of intensive-care facilities in a particular federal state. Addresses are thus created depending on the particular opportunity of the moment. At the local level, and especially in the building trade, it is engineers' offices and 'project consultants' who act as address brokers between business, politics and the public administration (Rügemer 1996). In every case the goal is to improve the available options, and this requires links that extend beyond system boundaries. Contact networks within and between organisations are activated when people begin seeking access to something that otherwise would be precluded to them.

The heterogeneity of contacts also becomes significant for another reason, and this requires a brief explanation in the context of corruption and networks. The fact is that the heterogeneity of the constituent contacts of networks significantly enhances their stability. This is because

> 'there is a lack of instruments for returning favours and repaying assistance, provision of access and brokerage across the boundaries of meaning; as a result, the question of social compensation for services rendered must be shifted into the time dimension as a kind of credit against as yet unspecified return services' (Tacke 2000: 305).

However, the possibility provided by polycontextural addresses to postpone and leave indeterminate the recompense not only extends to the temporal dimension. Gouldner (1960) speaks of heteromorphic reciprocity when *who* exactly is going to repay the debt remains unspecified. Thus, we can imagine that instead of the recipient of the original favour, a third party might step in who 'some day' will extend an as yet unspecified courtesy. Recalling how Tacke describes generalised reciprocity as a mechanism that stabilises network relations, this explains both how corruption arises through the establishment of relationships of dependency within networks and how such structures manage to survive over the long term. Höffling (2002) accurately reconstructs corruption as a *social relationship*. The significance of this in empirical terms can perhaps be illustrated by the case of a former German Bundestag deputy who was sentenced in 2003 to three years in custody for fraud involving bid rigging, among other offences. When it came to the repatriation of the monies involved and the public prosecutor offered the enterprises that had suffered the damage the funds seized from the guilty party, the former declined to enforce a claim. In this way, the six-figure sum was restored to the corrupt ex-politician.[12] Thus, another stabilisation mechanism can also take effect in the context of corruption: The 'resource of illegality' (Luhmann 1995a: 256) is used by networks to protect themselves against dis-

12 Cf. 'Justiz pfändet eine Insel'. Neue Westfälische, 10 May 2005.

appointed expectations. Participation in an illegal network renders one susceptible to blackmail and it is especially because of this that a network of relationships can achieve a high degree of stability. Illegality can thus be used as a resource to protect the structure of such arrangements against deviance. And this is all the more true when the exit option can only be contemplated in association with the acceptance of one's own downfall (Luhmann 1995b).

6. Corruption and networks

The above considerations have shown that both public opinion and research on the subject assume that there is a certain affinity between corruption and networks, despite the lack of a theoretical contribution that explains this constellation. The question that arises, then, is what form a sociological approach to the phenomenon might take. This text develops the theory that established definitions of corruption, which describe corruption in terms of exercise of influence and defence of interests, cannot provide satisfactory answers to this question. I argue that the structural conditions of modern society behind the emergence of corruption and networks cannot be reconstructed within the terms of this kind of definition. Thus, I propose the adoption of an approach based on differentiation theory. The latter theory provides an analysis of the *social structural conditions* of corruption and can reveal the way in which the macrostructure of modern society is circumvented at the organisational level. The comparative strengths of systems theory lie in analysis guided by social theory. If we look at corruption from the perspective of the functional contexts of society, then we come up against structural 'confusions' that are not provided for within functional differentiation. We find linkages between horizons of meaning that appear to deviate from social differentiation. Such observations generate irritation and society responds with an increase in moral communication.

But how is it possible that system logics can be ruptured and the structural and ideological premises of functional systems not be maintained? I argue that the explanation can be found in the distinction between organisation and functional system. System differentiation seen in terms of meaning differentiation organises social communication in accordance with its codes. But the social operation of communication does not take place at the level of functional systems, rather at the level of organisations, networks, groups and people. And so it is only by distinguishing between system level and system type that we can gain insight into how confusions in the scheme of meaning can come about. Once a distinction has been made between organisation and society, it becomes evident that organisations make use of the codes of functional systems according to their own needs (Lieckweg/Wehrsig 2001). Organisations operate as multi-referents and this means that their decision-making is not necessarily guided by a single logic. Seen from the perspective

of functional differentiation, therefore, corruption appears to correspond to a feeding in of foreign meaning logics at the programming level of organisations. And so it is the organisations of the functionally differentiated society that allow the primacy of functional differentiation to collapse and that deliver it to deviance.

What can we learn from all of this for coping with corruption? We cannot derive direct recommendations as to how to combat corruption from systems theory analyses. At the same time, this much becomes clear: The situation of politics is paradoxical. As Burt's work (1992; 2004) and research inspired by it have shown, heterogeneous networks are seen as social innovations. Cross-linkages that transcend boundaries of meaning lead to an incrementation of options and, in favourable cases, result in socially desired outcomes. This is why politics promotes network formation between research institutes and enterprises, for example. Moreover, the catchword 'public governance' characterises heterogeneous organisational networks as efficient structures of political management. This means, on the one hand, that cross-linkages between public and private organisations may manifest performance advantages that are not perceived as corruption. On the other, political arrangements of this kind suffer from a legitimacy deficit which is currently the subject of intense discussion in governance research (cf. Pierre 2000; Rhodes 2008). The structural affinity of the constitutional conditions of networking and corruption are not highlighted as a problem in governance research carried out in the context of political science, and the question begs itself: Why ever not? But even regardless of the answer to this question, the dilemma of politics is evident to the empirical observer: If politics wanted to prevent the infiltration of foreign provinces of meaning into the decision-making premises of political organisations, then it would have to fall back on the Weberian model of bureaucracy, which – ideal typically – guarantees the differentiation of functional contexts at the level of formal organisations. Nobody would ever seriously want to recommend this solution. Modern society uses the term 'public governance' to describe the phenomenon whereby inter-organisational networks have become a paradigm of political management across functional boundaries. This development is also accompanied by the second observation from the moral perspective. The debate in governance research on the legitimacy deficit is registered in social communication as a loss of confidence in the organisations of representative democracy.

The observance of a linkage between meaning horizons draws attention to structural affinities between corruption and networks. Network formation can be reconstructed as a linkage technique aiming at a reflexive combination of addresses (Tacke 2000). It has been established that successful networks derive their performance advantages through the linkage of different meaning contexts (Burt 2004). Unlike action theory approaches, which see the particularism of defending one's own interests as the structural characteristic shared by both corruption and networks, the argument presented here con-

cludes with an outcome supported by social theory. On this view, it is not particularism that renders networks susceptible to corruption, for not every network is corrupt: There are supplier networks in the car industry, research networks in sociology, networks of artists in the visual arts, etc., that cannot be associated *per se* with corruption. In fact, we only observe corruption when the meaning horizons of communication from different functional contexts are linked *and* when these linkages are judged to be morally reprehensible.

Thus, the proposal developed here can be extrapolated in three steps: (1) It is based on the observation of a functionally differentiated society. Functional differentiation means that at the level of the *functional systems* of society, communication is structured in accordance with specific codes (law, power, knowledge). Functional systems are meaning systems (i.e. horizons of meaning). Their codes operate exclusively. The differentiation of diverse functional contexts is the prerequisite for the observation of corruption. (2) The level of functional systems must be distinguished from the level of *organisations*. The differentiation of meaning horizons that takes place at the level of functional systems is not always maintained at the organisational level. Unlike functional systems, organisations (just like people, groups and networks) are systems that are capable of decision-making. Their decisions *can* (but do not have to) link different meaning contexts. When such linkages of different meaning structures occur, then the logic of functional differentiation founders at the level of organisations. In the observational framework of functional differentiation, it thus becomes evident that the logic of the functional system to which an organisation is ascribed is being corrupted at the organisational level by another value. This 'first observation' of the linkage of meaning is none other than the observation of a structural question in the scheme of functional differentiation. It is connoted neither positively nor negatively. (3) Only in a third step, that of the 'second observation' within the moral scheme, are such structural linkages evaluated in social communication and labelled as acceptable or reprehensible.

We thus make a distinction between conditions of constitution and their observation (1) and (2), and the evaluation by society of social phenomena (3). When it comes to the second observation of social communication, which of the structural linkages described are labelled as reprehensible and denominated colloquially as corruption depends on current morals and is thus contingent on history. What are not contingent, however, are the structural conditions that must be observed in order that a phenomenon can become the subject of a moral discourse and in order that corruption can potentially be labelled as reprehensible.

An examination of morality provides possible preliminary answers to the question as to why politicians are particularly vulnerable to allegations of corruption. Moral communication has a personalising effect and thus shows a strong tendency to generate conflict. Just like morality, politics is based on the personalisation of decisions and on playing out conflicts. The attribution

of decisions to individuals and the moral evaluation of these individuals are more common within the context of competition between political parties than in contexts where society observes business or science. This opens up new questions that this text can do no more than mention, for example regarding the 'double standard' of a morality that tolerates unselfish corruption. How society reacts to corruption is decided within the observation scheme of morality, which adheres its own rules of attribution. This is where the main research questions of this area of study are to be found.

The strength of systems theory is that it can render evident these different observational conditions. As a constructivist theory of observation, its epistemological interest is to reconstruct, with the help of social theory differentiations, how and by whom something is observed. It considers the attribution of causes and the packaging of ontological characteristics into definitions as observer-dependent constructions. This text has demonstrated this process in relation to the observation of corruption.

Chapter 6:
Institutional Design and Good Governance

B. Guy Peters

Much of the discussion of 'good governance' has defined that term as virtually synonymous with the fight against corruption. For example, the indices created by the World Bank and other international organizations focus on the capacity of governments to suppress corruption or other forms of irregular governing (Kaufmann/Kraay/Mastruzzi 2007; Transparency International 2008). Associated with that approach to limiting corruption, there has been a great deal of emphasis on accountability and transparency in the public sector. These measures also indirectly assess the capacity of these political systems to control corruption and to enforce proper standards of behavior within the public sector.

The task for this paper is to relate the institutional design of political systems to the quality of governance provided by a government, or perhaps more precisely the quality of governance that is provided by the overall system of governing. That is, we need to extend questions of institutional design beyond the formal limits of governments also to consider how to design the interaction between state and society in ways that facilitate the quality of governance, defined broadly, as well as to minimize the probability of corrupt practices. Indeed, somewhat paradoxically, some attempts to enhance efficiency and democracy have had the unintended consequence of creating more opportunities for corruption.

We also need to bring institutional theory to bear on questions of corruption and good governance. Institutional theory is itself rather diverse, but several of the strands within the theory have direct relevance for understanding corruption. Most clearly, the normative version of institutionalism associated with March and Olsen (1989) stresses the central role of 'appropriateness' within organizations and institutions and assumes that individual behaviors, including eschewing corruption, can be shaped by institutional values, symbols, myths and routines. Those values will, of course, have to be positive if they are to have a positive impact on behavior.[1] In this approach,

1 By positive here I mean values that support the functioning of the institution with corruption.

therefore, corruption is understood as rejecting the values of public organizations in pursuit of personal gain – the consequentialist approach to political life that is rejected by normative institutionalists.

The rational choice approach to institutions is an alternative that can help understand the observed behavior of individuals who are presented with the opportunity for corruption. In particular, institutions contain a set of rules that can be used to control individuals. Those rules may be in the form of incentives or in terms of prohibitions. Further, the rules may be the result of constructivist processes in which interactions between formal and informal structures, e.g. cultures, shape the expectations about the behavior of individuals within the society (see Collier 2002). Those rules may be confined to the particular institutional arena or it may be framed more broadly for a range of structures.

1. Institutional Design and Political Choices

This task that I have been set also raises interesting theoretical questions about the extent to which institutions can constrain individual behavior. That ability of institutions to constrain individual action is always an assumption of institutional theorists (Ostrom 1990) but it often remains just an assumption and rarely has it been thoroughly tested. It is clear from the available evidence that an institutional structure can shape the strategic behavior of legislators and voters, but it is perhaps less clear that institutions can effectively shape the moral behavior of individual politicians or administrators. The differences among regimes being discussed in this paper represent different sets of institutions that may or may not be able to constrain behavior.

To some extent the capacity we assign to institutions is a function of the conception that we have of institutions. For example, if we begin with the normative model of March and Olsen (1986), and a number of sociologists, then controlling moral choices may be considered central to the definition of the institution. If, however, we adopt a more structuralist conception of an institution, e.g. one based on veto points, then making the link to behavior is more difficult. In such a view preferences are largely exogenous, so the potentially corrupt politician or administrator will simply have to work his or her way through more or less complex structures in order to achieve their goals – whether corrupt or noble. In this perspective the solution for corruption may be to construct more veto points, with stricter enforcement, but that will not be a guarantee.[2]

We could also adopt a more common sense, descriptive approach to institutions and examine the impact of some empirical structures on the ability of political regimes to govern effectively and to govern in an open and trans-

2 The logic becomes that of qui custodient ipsos custodes, with a potentially infinite number of layers of control over behaviors.

parent manner. Weaver and Rockman and their colleagues (1996), for example, provided an extensive analysis of the differences in performance between presidential and parliamentary political systems (see also the discussion of Schmidt (2002) below). These analyses have been concerned more with the capacity of these systems to make and deliver policy rather than with their capacity to do so in a non-corrupt manner. As will be discussed in more detail below there may be some theoretical linkage between political structures and the level of corruption in the system. In particular, the greater the complexity involved in making decisions the more functional corrupt practice may be for any political system.

2. Corruption and Irregular Politics

The term corruption is used rather broadly to capture a range of behaviors that are beyond the pale of what is now commonly accepted behavior in the industrialized democracies. Corruption is, however, often like Justice Potter Stewart's idea of pornography – he could not define it but knew it when he saw it. Some behaviors, e.g. bribery, 'kickbacks', nepotism, and the like are clearly corrupt (see Philip 2002). These behaviors undermine fairness and probity in governing and make it apparent to the public that appropriate standards of integrity are not being followed by their public officials. These behaviors have been the targets of numerous efforts at reform from international organizations and national governments.

Other practices, however, represent informal styles of political behavior that may not be as overtly illegal but which still may undermine any sense of equality and fairness in the political system, and therefore tend to foster public cynicism about the political system. For example, clientelism has been a familiar description of political life in Southern Europe (Piatoni 2001), Latin America (Blake/Morris 2009) and other parts of the world (Kawata 2008). The basic idea of clientelism is that a politically powerful *patron* provides favors to his/her clients in exchange for political support. Those favors may be of a variety of sorts but generally include some form of divisible goods created by the public sector, especially public jobs. It should be observed here, however, that these patterns of behavior are institutionalized, so that governing institutions may themselves be corrupt and require other remedies to create more circumspect behaviors.

But where does clientelism end and proper government begin? For example, in the United States members of Congress tend to base a significant part of their appeals to their constituents on their ability to 'bring home the bacon'. Fiorina (1992) has argued that whenever Congressmen in the United States take stances on policy they tend to alienate at least a portion of their voters, but if they merely ensure that there is spending in the district and good constituency service then they alienate no one (except perhaps voters

especially interested in fiscal responsibility). The increased use of 'earmarked' expenditures has meant that those Congressmen interested in fiscal probity often do not have an opportunity even to become aware of the 'pork' until it has been enacted into law.

This pork-barrel component of public expenditure is a form of 'collective clientelism'. The patron in the national capital provides benefits for constituents in exchange for their votes. The deal involved in this relationship is never expressed quite so directly, but that is the deal nonetheless. The clientelistic character of pork-barrel spending in the United States has been reinforced by the use of Congressional earmarks that tend to produce very particular benefits for localities or for organizations, and make the linkage between the patron and the numerous members of the clientele all the more obvious. Although more explicit in the US than in most other places, this territorial form of patronage is certainly found elsewhere (Tavits 2009).

It appears that in some ways scholars and practitioners tend to be more concerned with corruption on the retail than the wholesale level. That is, a large proportion of the efforts directed at reducing corruption have been addressed at relatively minor administrative corruption, while large-scale use of the power of the public sector for partisan and individual gain seems to be more accepted. This emphasis may be a function of the relative power positions of the actors, or there may still be some sense that certain types of irregular behavior are actually functional for governing. Some economists have argued that some level of corruption is indeed functional by facilitating transactions, and certainly not worth the resources needed to stamp it out.

More generally, students of informal institutions have argued that particularly in less developed political systems, informal institutions can contribute significantly to governance capacity. Helmke and Levitsky (2004), for example, have developed a model of how informal institutions interact with formal institutions in governance. They adopt an extremely broad conception of informal politics, ranging from the overtly corrupt to understandings about appropriate behavior in legislatures. These all depend upon shared rules and values that are not codified but which still have a strong impact on behaviors. Further, they argue that the informality is crucial to the success of many political systems, including many systems that may appear to be perfectly capable of governing on their own. The analytic question that this raises in the context of this paper is to what extent these informal aspects of governing are functional, and how irregular they can be and still reside within the bounds of 'good governance'.

In this paper I will be concerned with a wide range of actions that deviate from what might be considered an idealized model of governing. In that model governance would be controlled by values such as universalism, achievement, and affective neutrality.[3] These terms are usually discussed as components of political culture, and indeed much of the discussion of politi-

3 These are, of course, the familiar Parsonian pattern variables.

cal corruption has a strong culturalist element. These same values have been used to describe patterns of political and social development. The question I will be posing is whether the structure of political regimes affects the level of irregular political activity, and therefore also can we design institutions that will minimize unwanted forms of irregular politics.

Most of this paper will be concerned with political institutions and their role in corruption. Much of the discussion of corruption in the public sector has been concerned with public administration, and with petty officials taking bribes for moving a file along, or ignoring violations of building codes, or a host of other relatively minor indiscretions. This type of corruption has been both more manifest as corruption and easier to control. For example, both Singapore and Hong Kong once had famously corrupt administrative systems but have been able to clean them up largely through stringent enforcement. Political corruption may be more difficult to cope with simply because it is at times less clearly defined and also because those involved have substantially greater power within the political system.

3. Institutional Design and Informal Politics

The purpose of this paper is to examine whether formal institutional arrangements have an impact on the level of corruption, and if so what sort of a theoretical story can we tell that would explain the linkage. A priori, we might not expect any such linkage, a fact made apparent by recent events in the United States. The rather blatant corruption of Governor Rod Bogjonavich of Illinois has made us aware first that there is a good deal of corruption at the level of state governments in the United States, and second that the level of corruption is substantially different across the states (see Table 1).

The marked variations in the level of corruption appear even though the institutional structures of the state governments are very similar. Indeed, Illinois identified as one of the more corrupt states is adjacent to Iowa and Wisconsin which appear to be two of the less corrupt states. The constitutions of all of these states are similar, but the behavior of individuals in office appears markedly different. Why? Further, if I examine the levels of corruption in the state governments using some of structural variables that might have an influence, e.g. the number of elected officials and size of state legislatures, there appears to be little relationship. Further, to the extent that there is one there are relationships they appear to be inverse to what might have been expected. For example, the states in the upper Midwest have a relatively large number of elected state officials[4], but have some of the lowest rates of corruption.

4 South Dakota, for example, elects (in addition to the usual officers of governor and lieutenant governor) offices such as Insurance Commissioner, Agriculture Commissioner, and several education officials.

These observations create some doubt about the relevance of macro-level political structures for explaining corruption, clientelism or other deviations from 'good governance'. That said, however, some aspects of more micro and meso-level structures may be relevant for the explanation than are the macro-level characteristics of governance arrangements. To examine these potential relationships more thoroughly I will examine two macro-institutional characteristics of political systems – presidentialism and federalism (and their opposites), attempting to provide a logic theoretical explanation for a linkage and then determining whether there is any support for that logic. I will also examine the role of electoral systems and parties as meso-level institutional features that may influence decisions to engage in irregular political behavior.

4. Presidential and Parliamentary Systems

The most familiar dichotomy in institutional design of political systems is the difference between presidential and parliamentary government. This distinction has been used to explain a number of aspects of the performance of political systems, notably the stability of systems (Linz/Valenzuela 1994), and their general governance capacity. Manfred Schmidt (2002), for example, has examined the impact of different types of democratic regimes on the general performance of those regimes. He has used the contrast between 'majoritarian' and consensual systems as described by Lijphart (1999) and further uses the logic of negotiated democracy (Scharpf 1993) to describe the consensual forms of governing. Although the evidence used is rather weak, Schmidt appears convinced that consensual systems do perform better than do majoritarian systems.

Although the simple dichotomy has substantial utility, it is also a rather simplistic distinction. There is perhaps less variation among presidential systems, but there is still some important variation. For example, presidents differ in their ability to veto legislation, control public spending, and issue their own decrees without approval of the legislature. Further, the semi-presidential system (Roper 2002) that attempts to balance the virtues (and vices) of presidential and parliamentary system are themselves rather diverse, with a principal difference being the relative powers of presidents and parliaments with respect to the prime minister.

The variations among parliamentary systems are substantially greater. One of the most important of these differences is between those few systems that have a single-party government, as opposed to the more common multi-party systems.[5] Even among the multi-party systems there are marked differ-

5 This corresponds closely to Lijphart's (1999) familar distinction between majoritarian and consensual governments.

ences between those systems that have small coalitions versus those such as Denmark or Belgium that have five or more parties involved. Further, some coalitions, e.g. those in Sweden, are predictable in advance while others have to be created after elections and increasingly span the political landscape from right to left.

Even given the clear structural and procedural differences among these types of political systems, why should we expect there to be any impact on the level of informal politics and government? Simply by observation we can see that presidential regimes tend to have somewhat higher levels of corruption and clientelism, and indeed of other types of informal governance arrangements. For example, Table II shows the rankings of countries on the World Bank corruption index related to their type of regime. If we examine the aggregate figures then there is a relationship, albeit weak. When we introduce levels of economic development, however, the relationships largely disappear.

Indeed, one might not, a priori, think that presidential systems would be more subject to corrupt practices. A dominant logic of presidential systems is a separation of powers (Peters 1997). If the formal arrangements among the institutions are effective, then the legislature should function as a check on the powers of the executive to use its powers for corruption or clientelism. For those formal relationships to function, however, legislatures need to have the resources (staff, etc.) and the commitment to perform their oversight function. A (extremely) well-staffed and organized legislature such as the Congress of the United States may be able to perform that task effectively, although as will be noted they appear to be engaged in clientelism and corruption of their own.

Unfortunately, relative few legislatures in presidential regimes appear to have those resources and are largely ineffective in exercising oversight (Cox/Morgenstern 2002). Indeed, most legislative bodies in these settings appear more concerned about using their powers, especially their budgetary powers, to provide benefits for their constituents and promoting their own careers. This choice of career strategies may make good sense given that there may be little to be gained (politically) from exercising oversight while there may be a great deal to be gained from using the pork barrel.[6]

There are at least three reasons to expect presidential systems to be more associated with irregular forms of governing than are parliamentary systems. The first is that this is actually a spurious relationship, resulting from the greater number of presidential regimes in Latin American and African countries with lower levels of economic development and with less institutionalized political systems in general. The same argument has, of course, been made with respect to the apparent instability of presidential regimes (Linz/

6 At times oversight appears to be opposition to policies, and if the president is popular politically questioning his or her policies may have negative political consequences.

Valenzuela 1994), and the seeming fragility of presidential regimes may be a function merely of lower levels of economic development (see van der Walle 2003).

The first of the more genuine relationships between presidential regimes and levels of irregular government is that presidential regimes are, almost by definition, more personalized with a focus on the leadership of the one individual in the center of the system. As well as leadership capacity, being the president also offers opportunities to distribute numerous benefits to followers. For example, in the United States the president has approximately 4,500 positions that are legally open for appointment when he takes office.[7] Other presidential systems permit proportionately as many or more legal appointments, and may also assume that de facto the president can appoint a number of other officials. For example, even after its attempts to create a functioning civil service system, the president of Mexico can still appoint numerous public employees, even to positions nominally covered by the civil service system.[8]

There are two additional points to be made about the apparent levels of clientelism in presidential systems as related to the personal power of the president. The first is that there are a number of official appointments available to a president, but there are also more informal appointments and patronage powers in these systems. In part the focus of politics in these systems on the top executive positions also means that the personal factions within parties, and within government, emphasizes the ability of would-be leaders to provide benefits. They may do so by holding other positions in government, e.g. positions in sub-national governments controlled by the centre. The factionalism of politics in presidentialist systems such as Uruguay, for example, leads to a variety of patronage appointment systems associated with different institutions, e.g. Social Security, within the country.

The second point is that although presidentialist systems tend to have higher levels of patronage appointments, this seems to be more a matter of degree than of type. Perhaps because of the increased emphasis on the role of prime ministers in parliamentary systems, these top officials also have been increasing their appointment powers. Some of the appointment powers are a function of changes in the structures of government more generally, with the creation of more devolved organizations providing more appointment opportunities (Skelcher 1998). Especially in multi-party systems the need to

7 This is, of course, many fewer than at the height of the spoils system in the Jacksonian era (White 1954), but the number of appointments has been increasing markedly over the past several decades as presidents have sought to enhance their control over programs (Light 1995; 2004). Congress must consent to approximately 400 of the more important of these positions, but most are in the gift of the President.

8 Further, there is some evidence that President Calderon has returned to appointing more officials than had President Fox (see Mendez 2008).

provide positions for the adherents of the coalition members may lead to more appointments.

The second major reason that one can expect greater levels of patronage and clientelism in presidential party systems has little to do with the regime type *per se*, and has more to do with the nature of the political party systems within those regimes (see also Kunicova/Rose-Ackerman 2005). The basic argument is that presidential systems tend to have political parties that are focused toward gaining that one major position. At the extreme there are two party systems with single member districts for the legislature. In these cases the candidates tend to be more individual entrepreneurs with highly personalized styles of governing, and they therefore require some forms of patronage to be able to maintain that personal power base.

Proportional representation electoral systems, that tend to be characteristic of parliamentary systems, also tend to produce strong political parties that can control the actions of their members in office. Further, those individual members in the parliament have relatively few resources at their disposal – most are held by the party. Further, the parties themselves may be less focused on what they can gain during a short period, in contrast to those seeking control of a central political office. This organizational control of scarce resources may minimize the personal clientelism, although the parties themselves do not tend to be shy in distributing positions to their members, including the opportunities to run for public office.

Again, however, the evidence linking electoral systems to clientelism is not unequivocal. The Irish system is parliamentary and has an STV (single transferable vote) electoral system, but the common characterization is of a political system with strong clientelistic ties between members of the lower house of parliament (Teachta Dálas, TDs) and their constituents. For example, Chubb's (1963) characterizations of the clientelistic relationships have been amended, but certainly not refuted. More recent studies (Gallagher/Komito 2005) have pointed to the continued role of the TDs in constituency service.

Again, however, the electoral system may play a major role in the promoting clientelism. The STV system creates more of a direct linkage between voters and their representatives, despite being a form of proportional representation. The ability of the voters to choose not only parties but individuals means that candidates must appeal as individuals, and there are few better ways of doing that than by providing 'pork' for the constituencies. Likewise, the open list PR (proportional representation) systems used in much of Latin America, and in some European states, also can contribute to a closer linkage between constituents and their representatives than does closed list PR systems which are dominated by the political parties.

The other variable in party systems that may be crucial for explaining levels of corruption is the type of party finance. At the extreme political parties and more importantly individual candidates in the United States depend

almost entirely on private funding. As a result, these politicians must constantly scramble for funds and in the process they must make political promises and deliver policy goods that might easily be argued to be clientelistic or corrupt. This style of irregular politics tends to be much more acceptable than even petty administrative corruption, in part indicating the importance of elaborating the values that are accepted and those which are not when making statements about corruption.

Although we as external observers tend to classify patronage appointments and territorial spending as being at least at the margin of corruption, if not actually corrupt, the discourse in the political systems which use these instruments extensively tends not to be cast in that direction. For example, in the United States the discussion of presidential appointment powers more often has been about the efficiency of the system, and the administrative capacities of the individuals appointed than about their being corrupt. Even in the more egregious appointments of the Bush years, the discussion was about policy failure.

Geering and Thacker (2004) attribute the lower level of observed corruption in parliamentary and unitary systems to the degree of centralization in these systems and the availability of more unified controls over behavior. This argument contradicts the usual notion that more checks and balances within a government will maximize controls. Their findings, and our own observations above, point toward the need for more overt control structures and the need to eliminate many of the opportunities for corrupt behavior, that are presented in more complex institutional structures.

5. Administrative Structures and Corruption

As noted above, a good deal of the corruption that occurs in the public sector occurs in the administrative system. While to some extent administrative systems are similar, there are also important differences among those systems (Peters 2009) that may affect their openness to corruption. At the extreme systems with few if any rules over personnel recruitment, or procurement or budgeting are obviously more open to corruption and other irregularities than are systems with stronger internal regulations.

To some extent the role of bureaucracy in explaining corruption is contradictory and paradoxical. On the one hand, formalized bureaucratic rules and procedures have been designed in part to prevent corruption and to ensure that members of the public sector act *sine irae ac studio* when dealing with the public. On the other hand, the rigidities usually associated with bureaucracies (see Rubinstein/von Maravić, this volume) may make corruption and clientelism more desirable as means of circumventing those rigidities. If normal procedures are not able to respond to social needs sufficiently quickly then bribery and other means of accelerating decisions will become more valuable for the participants in the administrative process.

As was argued above, formal structures in bureaucracies may be less important in explaining the occurrence of corrupt practices than are values and understandings about appropriate conduct in office. The use of formal institutions appears capable of helping to create such values, as for example the anti-corruption office in Hong Kong, but in the end the creation of values may be more important than building structures.[9] That said, some administrative reforms during the past several decades have tended to enhance the opportunity for corruption, and the breakup of the traditional civil service in many systems has eliminated even more constraints on irregular behavior in public administration.

6. Federalism and Corrupt Practices

Federal versus unitary states is another standard dichotomy in institutional analysis in comparative politics. To a great extent this dichotomy is clearer than that between presidential and parliamentary systems. That said there are both marked differences in both these types of political system. These discussions have been analyzed substantially more for federal systems (see Hueglin/Fenna 2006) than for unitary regimes, although there are certainly marked differences between the latitude given local communes in the Scandinavian countries with the relatively strong controls exercised in most Napoleonic regimes (Ongaro 2008).

While the federal/unitary distinction is well known in comparative politics (Hueglin/Fenna 2006), should it have any influence on the levels of corruption and clientelism in a political system? One simple hypothesis would be that if there are more autonomous governments in a political system then there is simply more opportunity for corruption than in more unified systems. Further, having multiple levels of government also creates different opportunity structures for politicians so that the ability to deliver pork barrel goods to a lower level of government may enable a legislator to move into more desirable political positions at that lower level, e.g. become a governor (Samuels 2002).

We can also hypothesize that at the sub-national level there is less distance (geographical and social) between the potential patron and the potential client. In settings in which patrons and potential clients know each other and interact more frequently, maintaining any social distance is difficult, and therefore corruption may be more probable than in systems with greater social distance. That said, however, the politics in an American state such as California or in a German Land such as Nordrhein-Westfalen may be as re-

9 As in the famous Friedrich-Finer debate, the creation of formalized structures for control may lead into an infinite regress of control – *ipso custodien*t…

mote, or more remote, such as that in a smaller country like Estonia or Malta.[10]

Finally, sub-national governments tend to have more physical projects – roads, construction of other type, etc – that may be more subject to corruption than are less tangible public programs such as pensions or regulatory programs.[11] The procurement process is a major locus for corrupt activity, and if there are a number of potential bidders – creating a construction company to build a road does not require a very large investment of capital – with local contacts then it is perhaps natural that patrimonial practices become common. In fairness, national level governments also have a good deal of corruption in areas such as defense contracting, although perhaps for different reasons.

The alternative hypothesis is that having a single government does not provide any alternative locus for good governance to develop, whereas multiple governments can do so. For example, Myerson (2006) argues that competition is crucial for democratic accountability and that competition can be enhanced in multi-level governance systems (see also Bardhan 2002). The argument is further that having multiple loci providing governance gives opportunities for less corrupt governance to develop whereas unitary regimes tend to enforce uniformity and centralized control, with less chance of evolution and effective learning.

7. Paradox of Contemporary Governance

One of the paradoxes of contemporary institutional design is that the demands for more effective and non-corrupt service delivery appear to be occurring in opposition to much of what has become the conventional wisdom on governing. Much of what has become that conventional wisdom for improving governance is to create more autonomous and more informal structures for making and delivering public policy (see Christensen/Laegreid 2007). One of the several standard recommendations of the New Public Management (NPM) has been that more autonomous public organizations (agencies) can be more efficient and effective in delivering services. Similarly, the 'governance' literature (Sorenson/Torfing 2007) has argued that self-organizing networks of social actors will contribute to more effective and democratic governments than those possible with more traditional political structures.

Both of these styles of reforming the public sector tend to weaken conventional controls and mechanisms of accountability within the public sector. If the Gerring and Thacker (2004) argument mentioned above is correct then these reforms are likely to create more opportunities for corrupt behavior.

10 I am not arguing that corruption is rife in these countries, only that their small size creates the great proximity between the potential patron and the potential client.

11 One major exception to that generalization is defense programs that are located in central government and which are also subject to substantial corruption.

The NPM reforms have tended to promote the autonomy of public actors and to provide public managers greater latitude to make decisions on their own. This enhanced autonomy, combined with the increased opportunities for appointing public managers from outside the career public service, reduces both institutional and ethical controls over their actions. There is no certainty that the New Public Management has increased, or will necessarily increase, levels of corruption, but it does mean that there are many more opportunities for irregular action within the public sector.

The governance models represent to a great extent an alternative format for governing that may enhance the opportunities for corruption, albeit generally not for personal gain so much as for the benefit of members of organizations involved in the process. Because they tend to involve various social actors in making decisions in the name of the public, these formats for governing may represent, in Lowi's term, the 'private use of public power' (Lowi 1973). While they have been justified in terms of democracy, being a means of involving the public more directly in governing, networks also involve granting power to the groups who are considered appropriate for being involved.

The differential involvement of social actors in the processes of governing raises several questions about the democracy, and probity, of the networks format for governance. First, the democratic aspect of the network argument is weakened when it becomes clearer that not all segments of society are organized adequately to be able to participate (see Bogason/Musso 2006). Further, these groups are empowered to make decisions in the name of the public although they may in fact be representing only their own members. Thus, in the name of democracy and of enhanced public performance network reforms may have some of the same impact on the actual level of democracy as do the New Public Management reforms.

For both the NPM approach and governance the basic logic for governing has been less concerned with problems of corruption than with either efficiency or democracy. Both approaches toward reforming the public sector appear to assume that the ethical problems are solved in the political systems where these approaches have been implemented. While the industrialized democracies in which most of these reforms have been implemented have developed cultures that do not support corruption, there are changes at the margin of overt corrupt behavior that lead one to question the contribution of these schemes to 'good governance'.

8. Summary

Attempting to link the structures of regimes to levels of corruption is rather difficult. First, we can find political systems with similar structures with markedly different levels of corruption, and systems with similar levels of corruption with rather different structures. The theory that presidential sys-

tems should be more corrupt seems plausible on its face but any findings of a relationship appear to be a product, to some extent at least, of the simple fact that most presidential regimes are in less-developed political and economic systems that may have greater incentives for corruption, or which have not had sufficient time to institutionalize controls over corrupt practice.

Further, that distinction between presidential and parliamentary systems may not be sufficiently fine-grained to capture many of the important differences among political systems. For example, the capacity of legislative bodies to exercise effective oversight over the executive is not at all identical across political systems. A legislature with adequate staffing and with a well-articulated structure will be capable of exercising control and provide countervailing powers to control the political executive and the bureaucracy.

The basic outcome of this analysis must be that any simple understanding of institutions as structures is incapable of shedding much light on the likelihood of good governance. There is so much difference within each of the regime types that making any predictions may conceal more than it reveals. Likewise, the causal linkage between institutional structures and the behaviors of the individuals within them is somewhat attenuated so that attempting to explain something like corruption on the individual level may be difficult, unless one adopts a conception of institutions that reflects more their value commitments than their structural features.

Institutions and regime types are important, but explaining how they exert their importance is more difficult than just asserting it. This paper has sought to understand how institutions – especially when defined as structures and regime types – can affect the level of informal political activity in a political system. Explaining that type of behavior is easier on the wholesale level than on the retail level, although most of the discussions of administrative corruption run in the opposite direction.

Table 1: Corruption in the American States

Most Corrupt		**Least Corrupt**	
Guilty Officials per capita	*Survey of Journalists*	*Guilty Officials per capita*	*Survey of Journalists*
North Dakota	Rhode Island	Nebraska	North Dakota
Alaska	Louisiana	Oregon	South Dakota
Louisiana	New Mexico	New Hampshire	Colorado
Mississippi	Oklahoma	Iowa	Maine
Montana	Delaware	Minnesota	Oregon
Kentucky	Alabama	Kansas	Vermont
Alabama	Kentucky	California	Minnesota
Delaware	Arizona	Utah	Montana
South Dakota	West Virginia	New Mexico	Iowa
Florida	Illinois	Washington	Kansas

Source: The New York Times, December 14, 2008.

Table 2: Mean Corruption Scores

	Presidential[12]	Parliamentary
Total	-0.72	-0.83
Above Average GDP Per Capita	-1.42	-1.59
Below Average GDP Per Capita	-1.04	-0.89

Calculated from World Bank Control of Corruption Data

12 Including semi-presidential.

Chapter 7:
Constructing Corruption

Gjalt de Graaf, Pieter Wagenaar, and Michel Hoenderboom

1. Introduction

As Deleuze and Guattari say to demonstrate the importance of concepts in philosophy and science: 'Concepts are not waiting for us ready-made, like heavenly bodies. There is no heaven for concepts. They must be invented, fabricated, or rather created and would be nothing without their creator's signature' (1994: 5). Corruption, of course, is the concept of interest here. In this chapter, however, we will not study what the concept is or means, but discuss theories and studies that look at how the definitions of corruption have come about in academic and social discourses, with special emphasis on the *effects* of using the concept.

Other chapters in this book (e.g. Huisman/Vande Walle, Huberts, and Rose-Ackerman) study corruption empirically within a positivistic research tradition; here we will look at theoretical and empirical corruption research that can be called *post*-positivistic, meaning that they are not after one truth, or out to find and agree on one 'right' definition or meaning of the concept 'corruption'. The corruption researchers we will cite use different terms to label their theoretical stance. Some call it 'cultural' or 'anthropological', others 'neo-classical', and there are even those who use the term 'post-modern'. Discussions and controversies about postmodernism are numerous (e.g. Bauman 1991, 1993; Latour 1991), both in terms of the concept and the ensuing societal changes of the second half of the twentieth century. Reviewing them or exploring the rather vague notion of postmodernism is, however, outside the purview of this chapter. The scholars cited here are interested in how the *actors* define corruption. Most other approaches in this book define what the phenomenon of corruption entails and then look at the causes of that phenomenon. Here we especially look at the causes and effects of the usage of the very label 'corruption'. When looking at corruption in this sense, language plays an important role and the concept of discourse becomes important.

2. The social construction of corruption

What is most striking when looking at the definitions of corruption in post-positivist studies is the emphasis on *social constructivism*: 'corrupt' is what is *considered* corrupt at a certain place and at a certain time. Or, as Andersson and Heywood (forthcoming) put it:

'The key point is that there are many different types of corruption, which vary according to the sector in which they occur (public or private; political or administrative), the actors involved (for instance, state officials, politicians entrepreneurs and so forth), the impact they have (localized or extensive) and the degree to which they are formalized (embedded and systemic or occasional and sporadic).'

Eleven years ago, Michael Johnston (1996: 331-334) proposed to define corruption as 'the abuse, according to the legal or social standards constituting a society's system of public order, of a public role or resource for private benefit'. He suggested studying how the meaning of terms like 'abuse,' 'public role,' and 'private benefit' are constructed at a given moment in a certain place, and how and why the lines between public/private, state/society, politics/administration, and institutions/sources of power are drawn.

A wide range of corruption researchers draws attention to the contextuality of corruption and its various definitions. Huntington's (1989: 377) much-used definition of corruption is 'behavior of public officials which deviates from accepted norms in order to serve private ends'. But just as 'accepted norms' change over time and across cultures, so do the distinctions between public and private, and between what is and is not corrupt. Many illustrations of this can be found in Haller and Shore (2005), who offer an array of authors' perceptions of corruption in different cultural and institutional contexts with case studies from countries such as India, Bolivia, Portugal, Russia, Romania, and the United States. An example of their findings takes place in Russia's transitional society of the 1990s, where personalized agreements between doctor and patient based on, say, a certain fee plus a few bottles of vodka, eventually superseded the official fee-for-service framework of state health care. Something that had been illegal and considered highly corrupt during the Soviet period – a physician commanding money for personal gain in exchange for services – was at that time considered morally acceptable. A patient-interviewee described such payment 'as a moral action that conveyed recognition and respect for the professional's attention and expertise'. A physician's demand for high prices was more a sign of his or her medical competence than a reflection of connections or privilege. On the contrary, it was the institutional state health care system that was eventually regarded as corrupt for favoring the higher strata of the population. Not only does this example prove a shift in norms concerning appropriate provision of healthcare, it also signifies that overstepping the boundary between the public and private spheres is not always adequate in labeling corruption (Rivkin-Fish 2005: 47-49, 63).

Tänzler (2007), who advocates a 'cultural approach' to corruption, tells of a Philippine Prime Minister forced from office precisely because he was *not* corrupt. If the Prime Minister refused to use his power to take care of family and friends, the line of thinking was, then what could the public expect from him? Tänzler demonstrates the importance of deconstructing the social realities of culture to perceive corruption (see also De Zwart, this volume. Note that De Zwart explicitly distances himself from postmodern approaches).

Sissener (2001), who proposes an 'anthropological perspective on corruption', finds that Western approaches of corruption are often exactly that: they are peculiarly Western, influenced as they are by Weber's famous ideal type of bureaucracy, and not easily applied to non-Western societies. Sissener then tries to understand the values behind behavior that a Western observer would probably regard as corrupt, and how the social reality in which the behavior takes place is constructed from the inside. In countries like Bangladesh, China or Nepal, the public official who issues favors for a remuneration of some kind within an established network is not corrupt; his or her actions are simply a social obligation to help. Deals within the network are considered normal (Sissener 2001).

3. The effects of the corruption concept

The point of the previous section was to lay ground for a concept of corruption that is heavily contested and socially constructed. Post-positivist corruption theories demonstrate that the definition and meaning of corruption is hardly trivial, that the effects of using the label 'corruption' can be major, that 'what the concept *is* is less interesting than what it *does*, a shift in emphasis that also allows us to put aside the somewhat stale debate about universal or culturally relative elements' (Bracking 2007: 11). Post-positivistic approaches discussed in the remainder of this chapter focus less on what corruption is than what the effects of its usage are. We are interested in what causes the use of the concept of 'corruption' and the consequences thereof. Any specific definition of corruption will automatically lead to a specific 'solution' (de Graaf 2007); instead we will look at the causes and effects of corruption definitions and discourses.

Being labeled 'corrupt' usually has an enormous social impact. We once interviewed a Dutch police officer who was convicted for taking a bribe from a former colleague, then an attorney. He was convicted for accepting a cell phone in exchange for leaking some minor information to the attorney during a long phone conversation. Both he and his wife were fired from the police force. His wife fought for several years in court before being reinstated. They lost most of their friends and suffered emotionally. They were largely shunned at the few social events they still took part in; others did not want to be in the presence of a 'corrupt police officer.'

Because of these enormous social consequences, the most important issue 'may not be what the term 'corruption' means, but rather who gets to decide what it means and how widely those decisions will be accepted' (Le Billon 2005: 686). Not surprisingly, accusations of corruption are often used strategically: 'corruption serves to underwrite elite class formation in Zimbabwe, as well as being a key concept in discursive and ideological warfare between Mugabe and his opponents' (Bracking 2009: 43).

The definition issue also raises questions of cultural bias. As Chadda (2004: 122) writes on the use of TI's (Transparency International) definition in developing countries: 'To judge transactions originating in the traditional sphere as corrupt because they clash with the requirements of the legal rational order can be seen as simply an ideological argument for the rapid destruction of the traditional sphere.' Andersson and Heywood (forthcoming: 5) go so far as to claim that:

'the very concept of corruption has been increasingly instrumentalized for political ends since the end of the Cold War – most especially in those countries where corruption is perceived to be a major issue. Indeed the debate on the meaning and interpretation of corruption has led to the development of proposed solutions for corruption which focus primarily on issues of institutional design'.

4. Language and Meaning

In recent decades, discussions on the nature of truth have profoundly affected social research. Instead of assuming a given world 'out there', waiting to be discovered, attention is being drawn to the language processes through which the world is represented. The access we have to a reality outside language is highly problematic. Language does not simply report facts; it is not a simple medium for the transport of meaning. The meaning and effect of words depend on the context in which they are spoken or written. Du Gay (1996: 47):

'The meaning that any object has at any given time is a contingent, historical achievement (…) theorists of discourse argue that the meaning of objects is different from their mere existences, and that people never confront objects as mere existences, in a primal manner; rather these objects are always articulated within particular discursive contexts'.

Perhaps it is the case, as some philosophers claim, that what exists in the world is a necessity (independent of human beings or language), but things can only be differentiated through language. The world itself does not give meaning to objects; this is done through language. Stated simply, although things might exist outside language, they get their meanings through language.

This view of language implies the possibility of describing the context of corruption (cases) as a discursive construction. The meaning of anything always exists in particular discursive contexts; meaning is always contextual, contingent, and historical. The term 'corruption', therefore, is always socially and historically constructed as well.

How can we transition from an ontological and epistemological stance of meaning that is always historically and socially constructed to a theoretical model useful to empirical research? De Graaf (2007) has offered an example from postmodern corruption research where empirical corruption research is conducted based on Pierre Bourdieu's theory of social action (1977; 1990; 1998; Bourdieu/Wacquant 1992). By combining macro and micro factors and everything in between, it is an example of how concrete corruption case studies can be conducted. Contextual research in this way can establish dispositions that *can* lead to corruption. Since dispositions do not always manifest, they cannot be called 'causes' in the strict sense of the word. What is important in this type or research is the receptiveness of an individual to corruption, and whether the receptiveness is triggered.

5. Discourse and discourse analysis

The concept of discourse plays an important role in most post-positivistic corruption research and has many meanings. Of its many interpretations (see Alvesson/Karreman 2000), here we define discourse as 'a specific ensemble of ideas, concepts and categorizations that are produced, reproduced and transformed in a particular set of practices and through which meaning is given to physical and social realities' (Hajer 1995: 44). For example, psychiatric discourse brought the idea of an unconscious into existence in the nineteenth century (cf. Foucault 1977; Phillips/Hardy 2002: 3). Discourses contain groups of statements that provide a way of talking and thinking about something, thereby giving meaning to social reality. Discourses are not 'out there' between reality and language; they are not just a group of signs. They refer to practices that systematically form the objects we speak of. Discourse is not just a 'way of seeing' – a worldview – but is embedded in social practices that reproduce the 'way of seeing' as 'truth.' Discourses are constitutive of reality (de Graaf 2001). What is and is not true cannot be seen outside discourse; it is internal to it. By looking at what people say and write, we can learn how their world is constructed.

Since discourses in our context institutionalize the way of talking about something, they produce knowledge and thereby shape social practices. Corruption cases cannot be understood without the discourses that give them meaning. Discourses contain the conditions of possibility of what can and cannot be said. The fact that a question arises about corruption is as interesting as the question asked (and the questions not asked). And every question asked gets some form of an answer (including no answer), which has consequences. Discourses help us understand that a certain question is asked, and give us the spectrum of possible solutions to problems arising from it, i.e., what is or is not seen as a viable solution to a specific moral problem. A problem's definition inevitably predisposes certain solutions, and vice versa

(Eeten 1998: 6; Kingdon 1995; Rochefort 1994; Wildavsky 1987). Compare this with the following quote from Schön and Rein (1993: 153):

'When participants (…) name and frame the (…) situation in different ways, it is often difficult to discover what they are fighting about. Someone cannot simply say, for example, 'Let us compare different perspectives for dealing with poverty,' because each framing of the issue of poverty is likely to select and name different features of the problematic situation. We are no longer able to say that we are comparing different perspectives on 'the same problem', because the problem itself has changed.'

Like meaning, values are immanent features of discourse. When we give meaning to something, we are also valuing it. Even though a Durkheimian view is clearly not endorsed here (our emphasis is on language, not institutions), there is a parallel. To Durkheim social institutions, collective ways of thinking, feeling, and doing are not empty but full of values (values give meaning to relationships). In similar fashion, discursive practices are not empty; they are filled with values. By giving something a name, we highlight certain aspects. But in that same process, all other possible qualities are placed in the background or even ignored. Values, causal assumptions and problem perceptions affect each other. In our daily lives, we jump so often between normative and factual statements that we do not realize how much our views of facts determine whether we see problems in the first place. But when we study those discussions more carefully, we can see that 'is' and 'ought' are intertwined. Seemingly technical positions in discourses on corruption ('was he bribed or not?') conceal normative commitments. Discourses make more than claims of reality – they accomplish what Schön and Rein (1994) have called the 'normative leap', or the connection between a representation of reality and its consequences for action. Within most versions of discourse theory, the strict dichotomy between facts and values ceases to make sense. Facts and values here are not treated as ontologically different; discourse theory treats them as different sides of the same coin. The 'is' and 'ought' shape each other in countless ways. Language is thus neither neutral nor static in communicating meaning. The awareness that language does not neutrally describe the world is important to corruption research. Subtle linguistic forms and associated symbolic actions shape our convictions and presuppositions (Van Twist 1994: 79).

How does research with discourse theory work? A researcher conducts discourse descriptions or analyses, the basis of which are texts. All verbal and written language can be considered. A discourse analysis shows which discursive objects and subjects emerge in social practices, and which conceptualizations are used. Consequently, what is left out in social practices also emerges. It is not the purpose of discourse analysis to retrieve what authors meant or felt. Discourse analysis is not a search for meaning in texts, empirical or otherwise. The analysis focuses on the *effects* of the texts on other texts. Hajer (1995: 54): 'discourse analysis investigates the boundaries between (…) the moral and the efficient, or how a particular framing of the dis-

cussion makes certain elements appear fixed or appropriate while other elements appear problematic'.

A discourse analysis inquires into forms of problematization and offers a narrative about the production of problems. Why is corruption considered a problem (or not a problem)? Some postmodern corruption scholars would answer that it is because of neo-liberal or Western interests (cf. Bahre 2005; Brown/Cloke 2004, 2005; Doig/Marquette 2005; Le Billon 2005; Roberts/Wright/O'Neill 2007; Szeftel 1998; Whyte 2007). We will return to this topic later.

In conducting a discourse analysis on corruption, we can establish the limits of what can and cannot be said in a particular context, what Foucault (1977) called 'the conditions of possibility' of a discourse. The analysis can identify the rules and resources that set the boundaries of what can be said, thought, and done in a particular (organizational) context or situation. Mauws (2000: 235):

> 'Thus, if we are to comprehend how decisions are made (…) it is by examining the conditions of possibility in relation to which these statements are formulated, that is, the often implicit institutionalized speech practices that guide what is and what is not likely to be said (Bourdieu)'.

Describing a corruption case in this tradition makes the discourses the objects of study, rather than the (corrupt) moral agents. By doing so, moral aspects come to the fore. In the case of Zimbabwe, for example, Bracking (2009: 35) argues that 'only through a critical poststructuralist analysis, which examines how 'corrupt' subjects are fixed discursively, can one find a consistent position on when concessionary state redistribution becomes constitutive of patrimonial state practice.'

Brown and Cloke (2005) explore the limitations of the dominant neoliberal perspective on governance, showing how international financial institutions have been promoting a specific discourse on corruption in Nicaragua that separates it from its historicity and the specific political economy within which it developed. Within this discourse, governance and institutional reform are seen as ways to combat corruption and are within the limits of what can be said in corruption discourse, whereas possible solutions that look at the historical roots of the Nicaraguan culture, like closer private sector/government relations, are not.

Lazar (2005: 212, 223-224) focuses on everyday corruption and local politics in the highland city of El Alto in Bolivia, looking at perceptions of corruption at different political levels. Corruption and its 'necessary counterpart', public works (*obras*), serve as the key discursive elements for citizens to assert expectations of their leaders. Lazar recognizes the typical clientelistic structures pervading politics in which issues such as the *extent* to which public money is used for private gain, but especially redistributed in the form of *obras* or jobs to the people, are central. Rumor and gossip serve as a means for the people to hold their leaders accountable pre-emptively, to es-

tablish the notion of a public good that their leaders should serve. Corruption discourse can also serve to express powerlessness and dissatisfaction to leaders not listening to the needs of the people, and in doing so, to offset citizens' limited capacity to hold their leaders accountable.

Ruud (2000: 271-272, 291) researches petty corruption of ordinary people in the rural eastern Indian state of West Bengal, trying to understand corruption on the basis of the levels and places of corruption's occurrences. He emphasizes that the practices exist within a fully developed normative system that is no less moral that any other (i.e., Western) normative system. We should not regard corruption as an isolated act with a particular body of ideas and values, but take into account parallels in other social practices (and other bodies of ideas and values); otherwise, corruption would be difficult to understand. The distinction between public and private, often the basis upon which something is defined as corrupt or not, does not seem to carry the same moral weight in all societies. From Ruud's case studies it becomes apparent that the application of the public/private distinction in individual cases is sometimes limited by 'other more weightier considerations'.

6. Storylines and metaphors

One way to study how discursive practices about corruption are shaped is to look at storylines and metaphors. Our own particular worldviews and discourses position us within discussions in terms of the concepts, metaphors, and stories of that discourse. For corruption researchers, it is important that a discourse analysis can show how forces in language influence moral positions by looking at the role metaphors and storylines play within a discourse. Discourse analysis can also gain perspectives into the structure, dynamics, and directions of conflicting discourses, like narrative strategies.

Stories play an important role in people's lives; in large part, they give meaning to them (Watson 1994). If you want to get to know someone, you ask for a life story. Stories tell about what is important and what is not. Philosophers like Johnson (1993) or McIntyre (1991) would go so far as to argue that stories are central to creating human understanding: 'I can only answer the question 'What am I to do?' if I can answer the prior question, 'Of what story or stories do I find myself a part?' (O'Connor 1997: 304). Fisher (1987: xiii) claims that 'all forms of human communication need to be seen fundamentally as stories'. It is therefore not surprising that stories are also important to studies of corruption. Many scholars agree that stories are filled with information and are efficient at conveying it (Roe 1994: 9). Boje (1991: 106) argues: 'People engage in a dynamic process of incremental refinement of their stories of new events as well as ongoing reinterpretations of culturally sacred story lines'; (1995: 1001): 'In sum people do not just tell stories, they tell stories to enact an account of themselves and their community'.

The assumption that meaning is produced in linguistic form fits well with exploring stories, which are simply one type of linguistic form, or elements of a discourse with certain characteristics. Stories are especially important for corruption researchers because they contain values – ideas about good and evil, right and wrong. For instance, Pujas and Rhodes (1999) address the report of the Committee of Experts of March 1999 concerning accusations of fraud and nepotism within the European Commission, in which a storyline develops of the crusade of a 'clean north' versus a 'corrupt south'. That three of the four implicated Commissioners were from a 'southern' country (France, Spain, and Portugal) and only one from a 'northern' country (Germany) seemed to strengthen the view. Yet Pujas and Rhodes questioned its fairness:

'Is there really a 'clash of cultures' in Europe between quite different types of public administration, responsible for a 'fundamental division' in the European institutions between the ambassadors of 'clean' northern government and the cynical representatives of closed, corrupt and clannish southern bureaucracy?' (1999: 688-689).

Within stories, 'is' and 'ought' are closely connected. Even if they seem to give simple factual descriptions, an enormous implicit normative power lies within narratives. Hayden White (1980: 26): 'What else could narrative closure exist of than the passage of one moral order to another? (…) Where, in any account of reality, narrativity is present, we can be sure that morality or a moralizing impulse is present too'. According to White, the events that are recorded in the narrative appear 'real' precisely insofar as they belong to an order of moral existence, just as they derive their meaning from their placement in this order. It is because the events described are or are not conducive to the establishment of social order that they find a place in the narrative attesting to their reality (Ettema/Glasser 1988: 10). A narrative analysis can therefore shed light on how different moral positions relate to each other. It shows how narrative structures (partly) determine moral positions and identities, and how they thereby influence the actions of individuals and organizations. And they show how internal dynamics of a discourse can influence the moral position taken; this can also be used strategically. An example from a study by Bracking (2009: 44):

'These attempts by members of the political elite to gain political ground relative to one another by attempting to fix the others' behavior as 'corrupt', entail 'corruption' acting as a signifier of moral detraction in a political discourse that pretends liberal reform but serves authoritarian power. Narratives like these often involve 'illegal' foreign exchange transactions (...) There is also a popular narrative of corruption acting as a moral censure of a rapacious elite'.

Scholars have pointed to the moral significance of metaphors. Weick (1979: 50), for example, has pointed to their operational consequences. Like stories, metaphors are important to corruption researchers because of the (often implicit) moral baggage they carry. Describing metaphors in discursive prac-

tices can bring clarity to how metaphors, in part, morally shape discursive practices, that is, how morality is embedded in discursive practices. This is also noted in the theoretical postmodern corruption theories. Just think of the consequences it has once we use the slogan of 'war on corruption'. The metaphor of 'war' opens up a discursive space in which all kind of military and violent options are on the table to deal with the 'problem.' Describing corruption as 'a cancer that eats away at the body politic' portrays it as a threat to the continued existence of the state or its subordinate civil authorities.

We could also look at non-textual imagery such as symbols and powerful images that have portrayed corruption. Consider, for instance, a 2008 cartoon by the South-African newspaper Sunday Times in which ANC leader Jacob Zuma is portrayed as a potential rapist of Lady Justice. Shortly before that Zuma had been charged with corruption, and in 2006 had been acquitted of rape indictments.

7. The presence of the past

As stated above, meaning is always a contingent and historical achievement; corruption discourses are socially and *historically* constructed. To this point we have mostly looked at the social construction; many researchers, however, look for the 'presence of the past': historical corruption research can follow the traces of a discourse back in history, reveal the contingencies of a current corruption discourse, and thus dissolve the current coherence of systems of intelligibility. Research like this is called 'genealogical'. For example, Wither analyzed the change in meaning of the word 'racketeering' in his study of corruption accusations against the teamsters union in the 1930s (Kreike/Jordan 2004). He also observed the steadily growing discrepancy between the public opinion of racketeering and the way the phenomenon was conceived on the shop floor (Witwer 2004: 197-238).

In a 2008 special issue of the public administration journal *Public Voices,* several historians showed how our current systems of understanding are a historical achievement: definitions and morality concerning corruption are in constant flux. By producing historical representations of corruption and its morality – which are often unfamiliar to 21st century Westerners – and sometimes by isolating the moments in which more familiar representations have emerged, historical corruption researchers can disclose the instabilities and chance elements of our current understandings of corruption (cf. Shapiro 1992).

Hoenderboom and Kerkhoff (2008) investigated an Early Modern Dutch corruption scandal concerning the transgressions of a local magistrate, Lodewijk Huygens, in the city of Gorinchem. The scandal shows the importance of a contextual approach towards corruption as different sources of val-

ues and standards of conduct made up the (in)capability and corruption of this magistrate, such as legal arguments, public opinion as expressed in pamphlets and codes of the shop floor. The codes of the shop floor show that an Early Modern magistrate such as Huygens should at least be able to maintain harmony and balance in everyday administration, especially concerning the bestowal of office, gift exchange, and appropriation of funds. The codes of the shop floor contrasted sharply with legal standards, which entirely prohibited the obtainment of offices by offering money or gifts. An unambiguous standard concerning what constituted corruption was therefore lacking (Hoenderboom/Kerkhoff 2008).

Kroeze (2008) presented a comparable study for the nineteenth century. He emphasized the role of scandals in shifts in administrative values, and then focused on an 1855 scandal concerning the selling of votes, which was in sharp contrast with the value dualism characteristic of the Early Modern period. A dominant set of liberal values became visible whereby, for instance, putting particular interests (provincial, individual) above the general interest in matters of political representation was not allowed. Public officials were also expected to act with 'dignity', 'openness', 'respect' and 'honor', and all parties more or less agreed on the seriousness of violating these important values. All parties involved therefore shared the same discourse (Kroeze 2008).

In the same issue of *Public Voices* Engels (2008) considered the nineteenth century to be a period in which existing conflicts between value systems were finally resolved, and focused on turning points. His comparison of anti-corruption movements in three countries and focus on the related motives does not only show the public-private dichotomy becoming clearer, but also a visible tendency towards centralization and corruption criticism closely connected to an anti-pluralist world of ideas comprising anti-capitalism, anti-liberalism, and anti-Semitism. Interestingly, Engels stated that there was no positive link in nineteenth century history between modernizing or democratizing forces and the anti-corruption movement (Engels 2008).

Other historians have simply shown how different perceptions of corruption were in the past, thus sensitizing us to their social constructivist nature. Will (2004), who has studied administration in late imperial China, describes how a Weberian-like ethos on sufficient remuneration for impartial administrators could clash with the impossibility of supplying sufficient salaries and with a rival ethic of loyalty to an administrator's extended family and place of birth. His work practically mirrored Sissener's (2001; see above) (Will 2004: 29-82). Woodfine, who did not 'seek to resolve the notorious difficulties of the concept of corruption, but will accept the term in the senses in which it was used in contemporary discourse' (2004: 167), studied corruption rhetoric in England during the first part of the eighteenth century. In a world that did not know a strict public-private dichotomy or a clear separation between politics and administration, and one that was characterized by patron-

age and clientage, what did Walpole's regime do to make it so vulnerable to accusations of corruption? Walpole, it turns out, grossly amplified things by turning corruption into an overt system and organizing machine politics much more thoroughly than before (Woodfine 2004: 167-196). Coulloudon – another historian whose approach resembles Sissener's – describes how corruption in the Soviet Union was a practical necessity because plan targets could often not be met without fraud. Failing to meet targets could have serious consequences for the workers involved. Superiors who committed the necessary fraud were looked upon favorably. Unsurprisingly, therefore, corrupt Soviet officials caught for fraud often felt no guilt at all (Coulloudon 2004: 247-249). Many more historical studies in which corruption is seen as a social construct exist. See for example the recent *Beiheft* of the *Historische Zeitschrift* (Engels/Fahrmeir/Nützenadel 2009).

8. Power and the consequences of anti-corruption discourses

There is considerable power in structured ways of viewing reality. Power in post-positivistic research is defined relationally rather than an institutional or personal feature. So-called genealogical[1] discourse analyses of corruption cases and corruption controversies analyze how power and knowledge function, how the rules and resources that set the limits of what can be said are working. Foucault (1977; 1984) has shown how power works through 'subjectification.' Bracking (2009: 36) argues that

> 'the formal definition of corruption used by international financial institutions (…) acts in practice as a strategic resource and signifier within World Bank political discourse, indicating bad governance, illegitimacy and geopolitical position (…) Rather it is the wider strategic role that the concept plays as a disciplinary governance concept which is critical to donors' attempted management of African politics and societies.'

Every discourse claims to talk about reality. In doing so, it classifies what is (not) true permitted, desirable, and so on. Truth and power are closely related. As Foucault (1984: 74) stated, 'Truth is linked in a circular relation with systems of power which induces and which extend it; a 'regime of truth''. Power is not just repressive; it is always productive. A genealogical discourse analysis of corruption cases can reveal some of the ways power

1 By using a grammar in its descriptions that replaces the subject with consciousness by a subject as the receiver of social meaning, static concepts are in genealogy made fluid in a historical process. Within genealogy, Foucault (e.g. 1977) looked for the way forms of problematizations are shaped by other practices. Shapiro (1992: 29): 'Genealogy is gray, meticulous, and patiently documentary. Committed to inquiry, it seeks endlessly to dissolve the coherence of systems of intelligibility that give individual and collective identities to persons/peoples and to the orders that house them by recreating the process of descent within which subjectivities and objectivities are produced'.

functions and can thus add to the understanding of the meaning of the corruption cases. It can follow back in history the traces of a corruption discourse and reveal the contingencies of a current discourse.

Building partly on the work of Foucault, some have shown how discourses on corruption with their inherent worldviews give some an advantage over others. For example, Roberts et al. (2007) have shown how the discourse on governance in the so-called Pacific Plan resulted in a technocratic direction such that a particularly narrow conceptualization of governance dominates. 'In a direct reading of the Pacific Plan and the interventions it empowers there is ample evidence that governance (good and bad) is used in a disciplining way' (Roberts/Wright/O'Neill 2007: 981). As a result, most emphasis in the region was laid on institution building (offices of auditing, statisticians, and so on).

'The definitions and modes of monitoring governance provide a framework through (…) which Pacific Island elites (…) are able to know and analyze their region (…). As the Pacific comes under the gaze of an expert calculus that frames forms of governing as 'good' or 'bad' the island nations and people are once again defined in terms of lack, with answers proffered by development experts' (Roberts/Wright/O'Neill 2007: 978/979).

To reveal the forces or power of a discourse, genealogy has to go back to the moment in which an interpretation or identity became dominant within a discourse, like the Pacific Plan, in which case many alternatives for the dominant governance discourses are available. In fact, in some cases the alternatives effectively challenge the governance interpretations of the Plan. 'The continual remake of governance occurs in several ways as social movements act to make strategic use of the term within the context of the Pacific Plan and beyond it' (Roberts/Wright/O'Neill 2007: 980).

In so-called critical corruption studies, questions are asked about the consequences of the international anti-corruption measures. Brown and Cloke (2006: 281): 'Recently, together with several other commentators (Hanlon 2004; Harrison 2003; Michael 2004; Polzer 2001; Szeftel 1998; Williams/ Beare 1999) we have been promoting the need for critical academic reflection upon the growing calls for an international 'anti-corruption' crusade'. Why, then, has there been such an explosion of interest in corruption since the 1990s, and why is there such an apparent political commitment towards tackling the problem (Brown/Cloke 2004) when there is no evidence that corrupt behavior has increased? Brown and Cloke (2004) argue that an important factor has been shifting geopolitical priorities after the end of the Cold War. The effects of anti-corruption measures turn out to be manifold, and towards much more than simply reducing the levels of corruption.

'Despite the evolution of structural adjustment into a kindlier, cuddlier poverty reduction version, within the international financial institutions there is no serious commitment to address the issues of regulation and control so vital to any understanding or control of corruption that debilitates countries of the North, East, West and South' (Brown/Cloke 2007: 318).

Once again, the importance of context is emphasized. Consequences of anything will always depend on the particular situation, so it is stressed. Brown and Cloke (2006: 282/283):

'This lack of detailed, contextualized analysis of the implementation of supposed anti-corruption initiatives is, we would argue, reflected everywhere, rather than having anything to do with any uniqueness of Nicaraguan circumstances (…) we have also come across a series of major reservations expressed particularly by those whose evaluation of such activities stems from long-term research experience in the country concerned (…) Taken together, these points reflect our concerns that in too many cases what is referred to as corruption has been taken out of the context within which it occurs both globally (in terms of the interactions between North and South, the transforming influence of globalization etc.) and locally (reflecting a tendency to seek for global explanations for and solutions to a monolithic signifier named corruption, rather than more detailed considerations of the complex dynamics of the nature of multiple, interlinked corruptions within individual societies)'.

Most of the critical corruption studies are not against anti-corruption measures per se, but what is labeled 'corrupt', what is not, and the effects thereof are critical. A special concern is what the negative consequences will be for the poor (e.g. Brown/Cloke 2006).

The *intentions* of anti-corruption discourses are questioned as well. Some claim, for example, that such discourses reflect a post-Washington consensus seeking to reinvigorate regulatory institutions while maintaining blame for the failure of development in South American governments (Le Billon 2005: 687). Another example: 'Policy on corruption is deeply embedded within the wider constructions of global neo-liberal and free market economic governance (Brown/Cloke 2004, 2005; Marquette 2003; Szeftel 1998), where a clear divide between the political and economic and between the public and private spheres is expected' (Bracking 2009: 37) – remarks similar to Roberts et al. in their study on the Pacific Plan. Kondos focuses on the meaning of favoritism using a set of Nepalese cultural practices, showing that 'the favour' and therefore 'partiality' as values are in accordance with Hindu cultural values. Yet he also explains how Western intellectuals tend to construct 'favoritism' to mean corruption and its motives. As a result an ideological conflict in the field of political ethics arises from Western pressure to adopt the principle of 'impartiality' in government (Kondos 1987). Gupta (1995: 375-402) focuses on discourses of corruption in contemporary India, specifically, practices within the lower echelons of Indian bureaucracy and representations of the state in the mass media. He stresses vigilance toward the imperialism of the Western conceptual apparatus, questioning the Eurocentric distinction between state and civil society and the conceptualization of the state as a unitary entity. Some also see the use of (insincere) anti-corruption discourse as a strategic tool to legitimize the invasion of Iraq (Le Billon 2005; Whyte 2007).

In some critical corruption studies we find criticism of ideologies, especially neo-liberalism. Neo-liberalism is not just blamed for promoting the interests of the elite via anti-corruption discourses; some even blame it for *causing* corruption. Whyte (2007: 179), for example, states: 'Neo-liberalism creates a fertile environment for 'corrupt' market transactions to flourish, because it seeks the creation of limited space as a means of promoting entrepreneurialism and the pursuit of self-interests', once again reminding us of Roberts et al. and the Pacific Plan. Paradoxically, the Enron scandal, which involved falsification of balance sheets, manipulation of accounting practices, and the creation of an image of financial health, showed the pervasive nature of corruption within corporate America – a hotbed of neo-liberal thought. MacLennan (2005: 156, 159) states, 'corruption is more than a simple, isolated crime committed for personal gain. It is a part of corporate and political, culture – more pervasive and acceptable among elites than we realize. In short, it is *becoming institutionalized'*.

Others are very critical of almost all anticorruption measures – integrity workshops, national integrity system analysis, anti-corruption commissions – in the sense that they are seen as parts of wider mendacious practices where people are subjected as supernumeraries to human development: 'The anti-corruption discourse and donor practice itself can cause perverse effects which aggravate cycles of deteriorating governance (discussed by various authors in Bracking 2007)' (Bracking 2009: 37). Just as we saw in the Pacific Plan example (Roberts/Wright/O'Neill 2007), it is often stated in critical corruption literature that the current dominating anti-corruption discourse is too focused on technical solutions and the public-private distinction, resulting in too much attention to the public sector as the major cause of corruption. In short, the 'anti-corruption crusade needs to be shorn of its anti-state bias' (Brown/Cloke 2004: 291).

9. Fighting Corruption

So what remedies do post-positivist corruption scholars propose? Clearly, they are cautious about supporting anti-corruption measures. After all, to them any interpretation of corruption and its causes is contestable. Applying a post-positivist perspective to corruption could most importantly sensitize us to the fact that people live in different social realities, and therefore have different perceptions of what constitutes corruption. Knowing so might give us Western Weberians pause before flinging accusations of corruption. We should also critically study the effects of (academic) corruption discourses that necessarily result from any specific interpretation of or theory on the causes of corruption.

For Bourdieu/Wacquant (1992) *reflexivity* is key to entailing awareness of the effects of one's own social position, perceptions, observations, and the

conditions of understanding that structure discourse. As an act of self-reference reflexivity serves to make explicit the underlying unthought structures that frame our social world. Lennerfors (2008: 393-397) asks in his dissertation how postmodern philosophers would have viewed corruption – one of his sections is called 'Baumanian corruption'- had they dealt with the phenomenon. He then applies these insights to a Swedish case. In the last chapter of his book he asks himself what 'gifts' he has presented to practitioners, and 'reflection' is his answer. He invites administrators to reflect on clear rules and the pros and cons of grey zones. He also warns against concentrating on rules instead of on the underlying values. Reflection should also be given to the exact limits between the public and private spheres. As not everyone in an organization shares the same corruption discourse, reflection on which group of colleagues one would like to identify with could also be helpful. He issues a similar invitation to reflect on one's attitude to the private parties involved, and invites the public in general to reflect on the reasons behind the accusations of corruption it reads in the newspapers.

Tänzler, who is scientific coordinator of 'Crime and Culture: An International Research Project within the Sixth Framework Programme of the European Commission', is rather more ambitious. The project he coordinates is aimed at finding 'means to optimise corruption prevention in the EU'. The project's point of departure is that the different perceptions of what constitutes corruption in the EU are a major obstacle to fighting it, as the remedies might well be based on corruption definitions not shared by the people they are targeting. Making clear what different perceptions of corruption European cultures hold might increase the fit between these perceptions, and the remedies used. The project explicitly aims at finding new remedies. It might thus lead to more success in combating corruption in Europe.[2]

Alternative explanations and understanding of corruption in particular countries can help us reconsider the effectiveness of existing policy instruments to combat corruption. Above all, the importance of context became clear. Too often, corruption and its remedies are discussed outside its social and historical context. This is dangerous because, whatever way one looks at the causes of corruption, the contingencies are many. Any proposed solution should take as many contingencies as possible into account.

10. Conclusion

In this chapter we looked at how post-positivistic theories study and view the causes of corruption and the ontological stances on which the theories are based (the importance of language and discourse). We saw that post-positivistic scholars do not study what corruption 'really' is or means, but

2 http://www.unikonstanz.de/crimeandculture/project.htm.

how the definitions of corruption come about, both in academic and all other discourses on corruption. And, very importantly, we looked at the *effects* of using the concept.

It turns out that there is no unifying post-positivistic corruption approach; indeed, most post-positivistic researchers denounce classifications. Lennerfors (2008: 309): 'Had Bauman written about corruption, he might have claimed that the real issue of corruption lies within the more general project of classification and division – and hence the structuring of the world as such (…) Bauman describes classification as an act of violence.' Many of the studies in this chapter turned out to have an affinity with social constructivist ideas, just as theories that look at the (power) effects of discourses on corruption. Or, as Lennerfors (2008: 307) put it, 'A postmodern understanding of corruption is related to ambiguity and that no classification of the world is accurate.' In other words, we live in an ambiguous world with no clear categories of right and wrong, yet there are demands for clarity and demarcation. This illustrates why, throughout the chapter, the *context* of corruption research and discourses is fundamental.

The causes studied here were primarily those of the *usage* of the label 'corruption'. This in clear contrast to chapters in this volume that see corruption as a clear phenomenon whose causes can, at least in principle, be established. This does not mean that we believe it is not useful to try to establish the causes of corruption; the other chapters provide new invaluable insights. The value this chapter has added, however, is foremostly to show how useful it is to critically study the effects of corruption discourses. And it ends with a plea to corruption scholars to critically reflect on the effects that their own academic discourses have on corruption.

Chapter 8:
The Criminology of Corruption

Wim Huisman and Gudrun Vande Walle

1. Introduction

Corruption is a form of crime. Most people, including scholars, would agree on that. Criminology is a scientific discipline that has crime as its object of study. Surprisingly, however, corruption has rarely been the focus of criminological research and mostly in the context of broader concepts of crime, such as organized crime. This is rather strange because other concepts are perfectly suitable for a criminological analysis of corruption. As criminologists, we are convinced of the added value of a criminological perspective on corruption. Taking criminology as the reference point we will address two issues in this chapter.

First, several criminological concepts, developed for the study of distinct forms of crime, will be discussed. These concepts enable a better understanding of corruption as a crime phenomenon. Concepts related to corruption are: organized crime, occupational crime, corporate crime, state crime, and the more recent derivatives such as state-corporate crime. We end this analysis with the concept of 'victimization' and the added value of victimology for a better understanding of the crime phenomenon.

One question that connects the different concepts is the question of definition. Mainstream criminology generally works within the context of the criminal law definition. For corruption this usually means the criminalization of bribing. Bribing has an active side of offering bribes by the 'corruptor' and a passive side of accepting bribes by the 'corruptee'. From this narrow definition, an important question emerges when we reflect upon the meaning behind the criminalization of corruption, being the disapproval of the abuse of power for personal gain: 'must we use the law to draw the line?'(Nelken 1994). Should the criminological study of corruption be limited to those forms of corrupt behaviour criminalized by law – mostly offering and accepting bribes? Or should we extend the scope of research to legal behaviour that leads to the same sort of abuse of power?

In the second part of this contribution, several theories on the aetiology of crime will be explored to discover their explanatory value for a better understanding of corrupt behaviour. The selection of theories is based on the assumption that corruption is mostly committed by agents operating in the

context of organizations. A multi-level approach is chosen, exploring possible causal factors on the macro-level of globalisation and nation states, the meso-level of organizations and the micro-level of interactions of individuals.

We end this contribution by reflecting upon the methodology that has been used to study corruption as a crime phenomenon. Empirical research in criminology is limited and often based on second sources. Some remarkable research initiatives ought to stimulate further empirical research.

2. Fertile ground for corruption research

The most important concepts that have been host to corruption studies are organized crime, occupational crime and organisational crime. Organisational crime is further divided into corporate crime and state crime. Even if the latter domains retain their authenticity, researchers have crossed the border of their own domain and are now searching for connections and networks between organized, corporate, state and occupational crime. This border-crossing has been introduced by, among others, the criminologists Kramer and Michalowski, with the concepts state-corporate and state-organized crime (2006). Today more researchers refer to the blurring of boundaries between legal and illegal organisation and the unreliable employee. This approach starts from the perspective of the perpetrator. We end this chapter with a reflection on the contribution of victimology to the understanding of corruption victimisation.

2.1 Corruption and organized crime

Without any doubt organized crime has been the most important domain in criminology for research into corruption. This is due to international initiatives of criminal policy at the end of the 90s in the fight against organized crime. Organized crime was perceived as a crime phenomenon that was increasingly threatening the legal economy but it appeared to be impossible for the police to capture the illegal networks behind organized crime. Money laundering and corruption were considered as mechanisms used by criminal organisations to facilitate or to continue their lucrative illegal activities without being detected. Regarding corruption, differences could be made between corruption on the political level, on the enforcement level or on the level of administration. These moments of contact between the underworld and the upperworld gave a clue to the police for further detection of the criminal network. This idea of the strong link between organized crime and corruption of the upperworld was later affirmed by the Dutch Parliamentary Inquiry Committee concerning Investigation Methods, the *Van Traa* Commission. The commission said: there is organized crime when – among other require-

ments – the group is capable of covering up their crimes in a relatively effective way, particularly by demonstrating their willingness to use physical violence or to rule out persons by means of corruption (Fijnaut et al. 1998).

What could be called a 'moral panic' at the end of the 90s concerning organized drug trafficking and human trafficking has also had an impact on research in criminology. In the 1960s and 1970s, criminologists created mafia-like images of criminal organisations: organized crime was an underworld totally separated from the legal world. *Beare* refers to the 'alien conspiracy notion' that separated organized crime from normal society and therefore distanced organized crime from corruption (Beare 1997a: 66). The urgent demand for more profound research led to a more realistic picture on organized crime in criminology (see, e.g., Fijnaut 1998; Kleemans 2008; Rider 1997; Ruggiero 1996). Empirically based research such as the *Van Traa* Commission succeeded in de-mystifying the mafia-like image of organized crime in the Netherlands (Fijnaut et al. 1998). Independent academic research is now deconstructing organized crime in all its complexities, with particular attention for the moments of interface between the legal and the illegal world (Fijnaut/Paoli 2004; Van Duyne/Jager/Von Lampe/Newell 2004). Discussing organized crime is not the same as discussing one concept anymore. Among other reasons, the variety of organized crime will depend on the ability to garner support and assistance via corruption. The greater the ability to corrupt the greater the ability to remain invisible (Beare 1997a: 68). *Fijnaut* et al. (1998) see three further relationships of crime with the upperworld: parasitical, symbiotic and implantation. In a parasitical relationship the contacts with the legal economy are rather limited and only in the interest of the underworld. If an opportunity appears, the criminal organisation will try to corrupt. A symbiotic relationship is more complex, based on the mutual interests of the criminal organisation and the upperworld. Corruption becomes more important and gives mutual benefit. However, since the relation between both worlds is close, corruption is more complex and difficult to prove. The last kind of relationship type is implantation. The criminal organisation is partly absorbed in the upperworld and the criminal activities are totally mixed up with legal business. Corruption changes in a situation of permanent pressure.

The study of organized crime has stimulated attention for corrupt practices: even if there is no consensus about the necessity of corruption for the continuity of illegal activities, it is obvious that at the very least corruption can be a facilitator. On a world scale, *Buscaglia and Van Dijk* found a strong correlation between the perceived level of organized crime in countries and the level of perceived corruption in these countries as reported by Transparancy International (Buscaglia/Van Dijk 2003). On the other hand criminologists must be aware that the connection with illegal organisations is only one specific dimension. Other dimensions of corruption, committed in the sphere of the legal economy, are possibly less obvious but may, give to be more reason for the study of corruption as an independent crime phenomenon.

2.2 Corruption and white collar crime

A second criminological concept, providing the opportunity for independent corruption research, is white collar crime. *Sutherland*, who introduced the concept during the congress of the American Sociological Society in 1939, defined white collar crime as 'crime committed by a person of respectability or high social status in the course of his occupation' (Sutherland 1961: 9). His definition was not very precise but his empirical research made clear that he was referring to criminal behaviour committed by members of the upper socio-economic class during their occupation, independent of the fact that an individual or the company is the beneficiary (Sutherland 1961: 9-10).

Already from that very beginning of what is now called *organisational criminology* the definition of white collar crime was a main topic of debate. The discussion questioned whether it was the role of criminal law to define white collar crime. Sutherland was convinced of the fact that general criminal law did not cover all forms of white collar crime because most of the harmful activities conducted by white collar criminals are dealt with outside the criminal court by civil litigation or disciplinary rules.

'Given that 'upper class' criminals often operate undetected, that if detected they may not be prosecuted, and that if prosecuted they may not be convicted the amount of criminally convicted persons are far from the total population of white collar criminals.' (Slapper/Tombs 1999: 3).

This far reaching statement clashed with the opinion of some lawyers, e.g. *Tappan*, who saw in the extension of the definition of crime outside the criminal law an attack on the principle of innocent until proven guilty. The debate about the delineation of white collar crime is still going on today. The republican criminologist *John Braithwaite*, for example, returned to Sutherland's definition in saying that the criminal code is at the centre of delineation but most organisational crime is redefined as a private law conflict (Braithwaite 1984: 6). Some other criminologists rejected the criminal law definition completely because it is an institution enforced by the state and dominated by the powerful. These criminologists put forward a human rights definition with social harm as central point of delineation (Schwendinger/Schwendinger 2001: 84-85). This definition-debate which had faded through the years pops up again when talking about corruption. The Global Integrity Report states that the majority of countries have anti-corruption law: even those countries perceived as vulnerable for corruption. But when we study the *implementation* of the corruption law the results are less optimistic (Global Integrity Index 2008). Even in the Netherlands and Belgium the amount of corrupt practices which end up in criminal sentences are limited (Huberts/Nelen 2005: 50; Database Central Registration of Punishment, Belgium)[1] As an alternative to incarceration, the

1 Information on the conviction rate of corruption in Belgium was provided by the Federal Department of Justice.

case ends with a disciplinary sanction or a dismissal for lack of evidence (Slapper/Tombs 1999: 87). The record is even worse for private corruption or corruption committed between two private individuals. This crime phenomenon that is considered to have the highest incidence of all corruption phenomena is often settled in the private sphere or penalised by market mechanisms. For the years 2004 and 2005 not one case reached a Belgian court (De Bie 2009; see also: Database Central Registration of Punishment, Belgium).

Despite the immense impact of Sutherlands work on criminology, the content of white collar crime refused to become clear. *Sutherland* failed to distinguish crime committed by an employee in favour of his organisation with crime committed by an employee in his own interest and against the interests of the organisation. After *Sutherland*, the concept of white collar crime fell into disuse and different sub domains were developed: the domain of 'offenses committed by individuals for themselves in the course of their occupations and the offenses of employees against their employers' (Clinard/Quinney 1973: 188) or alternatively, crime committed by a legal organisation or a member of that organisation in the course of his occupation in favour of the organisation. The legal organisation that commits crime can be a private company (corporate crime) or a public organisation (state crime).

2.2.1 Corruption and occupational crime

The concept of occupational crime is relevant when analysing passive corruption. It means that an employee, in a public or private organisation, has abused a position of power or trust for private gain and against the interests of the employer. *Clinard and Quinney* introduced occupational crime in 'Criminal behaviour systems: a typology' (1973). *Friedrichs* thought that the definition of *Clinard and Quinney* made a scientific debate impossible because the concept was still too broad. He further diversified the concept into three categories: 'occupational crime' referring to illegal and unethical activities committed for individual financial gain – or to avoid financial loss – in the context of a legitimate occupation; 'occupational deviance' as the deviation from occupational norms (e.g. drinking on the job; sexual harassment) and 'workplace crime' for conventional forms of crime committed in the workplace (e.g. rape; assault) (Friedrichs 2002). Other researchers who gave continuity to the work of *Clinard and Quinney* are, amongst others, *Blount* (2003), *G. Green* (1990) and *Mars* (2006).

When talking about corruption as a kind of occupational crime some remarks are necessary. Firstly, concerning passive corruption, it is certainly the case that the offender has a personal responsibility but the organisational and social context cannot be denied. Frequently, it will be a hybrid mixture of on the one hand the personal characteristics of the corruptee and the impact of organisational aspects such as organisational structure, organisational culture, and style of leadership (Mars 2006; Tillman 2009); and on the other hand

elements external to the organisation such as globalisation, the legal framework and law enforcement (Box 1983: 34-79; Mars 2006; Tillman 2009). *Punch* illustrated the complexity of occupational crime in his research on police corruption. He rejects the bad apple metaphor and focuses more on bad orchards, an institutional context where the organisation, the kind of work, and the culture play a key role. In Punch's work police corruption is viewed as both individual and institutional failure. Even if corruption, from a certain perspective, possibly fits the definition of occupational crime, caution is called for in establishing a causal link (Punch 2000: 314-315; Punch 2009: 18). *Gray* expressed the same concern for health and safety problems in companies: while workers are often victims of health and safety problems they are often too easily portrayed as offenders (Gray 2006). Even if the initiative emanates from the civil servant, the organisational context often creates the opportunities to commit corruption. The organizational context as a causal factor in explaining corruption will be elaborated upon in chapter 3.

A second remark concerning corruption as a form of occupational crime is that occupational crime may not necessarily be against the interests of the employer. From the point of view of the corruptee in the case of public corruption, the organisation can often profit from individual actions, especially if the company has already participated in a long process of blurring moral standards. In case of private corruption the interests of the organisation and the interests of the corruptee correspond. One example is the case of the Belgian soccer club SK Lierse and the Chinese gambler Ye. The bribe that was paid to some players of SK Lierse guaranteed the continuation of the club, was a benefit for some players and a guarantee of profit for the gambler.[2] In general, soccer seems prone to corruption (Hill 2009). In practice it is not easy to make a clear distinction between occupational and corporate crime and a continuum of activities which favours the organisation more than the employee or *vice versa* although the latter occurrence seems to be more representative.

Occupational crime as a subject of research has been barely studied in criminology. It could be argued that a previously pro Marxist approach in organisational crime deflected attention away from the deviant behaviour of employees (Cools 2009: 192). Another reason could be that organisations try to hide deviant behaviour of employees in order to avoid negative publicity or, in the case of a public organisation, to keep their legitimacy.

2.2.2 Corruption and organisational crime

The other part of white collar crime is organisational crime or crime committed by an organisation or a member of an organisation in the interest of

2 Lierse SK 'naïef' in omkoopschandaal (Lierse SK 'naive' in corruption scandal), *Trouw* 19 April 2006.

the organisation. A decade ago every text concerning white collar crime contained the statement that there is no criminological research on white collar crime (cf. Pearce/Tombs 1998: ix; Slapper/Tombs 1999: 9). Today, the domain of organisational crime represents a significant part of criminological research as a whole and phenomena such as environmental crime, food safety scandals or financial crime no longer pass unnoticed by organisational criminologists. This is not the same for corruption. Few organisational criminologists have studied the act of corruption as an aim in itself.[3] This can be explained in the following ways:

First of all, corruption has always been strongly related to organized crime and studied as a facilitator of organized crime. It is only recently that criminologists have given attention to the seriousness of corruption as a crime phenomenon of the upperworld.

Secondly, and related to the first argument there was no pressure from 'outside' to set up corruption research. For a long time politics was indifferent to the deviant activities of legal organisations and it was certainly not supported by the private sector who considered the research of organisational crime as a threat to the free market. It is only during the last two decades that the attention for public integrity and business ethics has started to grow – also on the political level. This differs from organized crime which has always been considered as a threat for the legal economy and has always been taken seriously by the private sector as well as government.

Thirdly, corruption is an ambiguous concept. We have already mentioned that the debate about the demarcation of organisational crime is a constant theme. This is certainly the case for corruption. When leaving the safe legal framework of bribery and enlarging the definition of corruption to the 'abuse of power for private gain' a new world of insecurity and vagueness is revealed. Perception studies establish a wide range of perceptions on corruption depending upon the social position of the perceiver and the kind of corruption committed. *Heidenheimer*, for example, categorizes corruption according to social acceptance in white corruption, grey corruption and black corruption (Heidenheimer 1989). The lack of clear definition of corruption may restrain criminologists from studying corruption especially since criminologists have always had difficulties leaving the criminal law borders behind.

Finally, the lack of 'visible' victims could be a reason for the lack of interest into corruption as a form of organisational crime. Organisational criminologists have been traditionally sensitive to scandals and disasters with huge victimisation rates and serious financial, physical, and emotional impact (Van de Bunt/Huisman 2007). Even if corruption produces its own human tragedy:

3 In 1990 Clinard published 'Corporate corruption. The abuse of power'. However the title was misleading since the book is an analysis of unethical and illegal behaviour committed by the Fortune 500.

unemployment, lack of health care, school education or famine; it is a slumbering problem that is too easily accepted as part of a culture or tradition.

It is possibly the case that there are more reasons to be found for the neglect of corruption in organisational criminology. Nevertheless, the two next study domains in criminology: corporate crime and state crime, will prove to be valuable for the study of corruption.

2.2.2.1 Corporate crime

When the criminal law definition of corruption is analysed, it has two main players: the active corruptor and the passive corruptee. Little attention is given to the role of corruptor in the media and/or research. We have to agree with *Levi* when he says that crime committed by social outsiders is accepted far less gently than crime committed by the respectable company (Levi 2009: 51). Also in criminology, corruption committed by private companies or the active corruption side is a neglected crime phenomenon.

The debate on the definition of organisational crime takes on an extra difficult dimension the moment private companies become the central objects of research. Sutherland had already illustrated that an organisation is able to commit white collar crime without being perceived as criminal or without being detected or prosecuted. One of the explanations for their exclusion from the definition of crime is the social network of white collar people. The social network was, according to *Sutherland*, referable to the *cultural homogeneity* of people working for the government and in business: both being in the upper strata of the American Society, family and friendship, relations, and the mechanism of the revolving door. 'Many persons in government were previously connected with business firms as executives, attorneys, directors, or in other capacities' (1961: 248) Thus the initial cultural homogeneity, close personal relationships, and power relationships protect businessmen and women against critical definitions by government. This perception of the relationship between companies and the political level is something which fed the idea that companies always escape formal condemnation and that gave an impulse to the definition debate. This debate is still currently of high relevance in cases of corruption. While some activities of 'abuse of power for private gain' are considered as corrupt, other activities with the same risk of harm are considered socially acceptable; for instance networking and lobbying, make the regulator vulnerable for what is called regulatory capture.[4] Another mechanism that endangers the independent position of the regulator is 'a revolving door'. A revolving door refers to the mechanism of personnel shifting between affiliations in politics or regulatory agencies and executive positions in companies subjected to regulation. In fact people who left their

4 In case of regulatory capture the regulating agencies act in favour of those who are regulated and not for the public interest. The reason for capture is the dominant position of the regulated in the regulation process. This dominant position is the result of a direct or indirect mechanism of influencing or even manipulation. (See also: Vande Walle 2010).

job come back in with other interests. The previous network and contacts will help to protect the interests of the regulated.

In comparing lobbying and corruption *Campos and Giovanni* have suggested that legal mechanisms such as lobbying are preferred in rich countries while companies in poor countries have to rely on corruption (Campos/Giovanni 2006). The promotion of medicines and the subtle interaction between pharmaceutical companies and physicians is a good illustration of the distinction between what is legal and what amounts to corruption. While general practitioners are seduced by pharmaceutical companies offering to equip their medical cabinets or facilitate participation in a conference with a luxurious destination they are also encouraged to prescribe new medical products of that specific company to their patients (Braithwaite 1984; Vande Walle 2005: 232-240). Despite the recognition of overmedication as a new western disease, such mechanisms continue to be tolerated.

In the near future more profound criminological research into the corruptive practices of private companies and the acceptability of the relationship between the private and political level seems to be essential. The initial impetus for the latter has already been given with the introduction of the concept known as state-corporate crime; a concept that emphasizes the importance of both the private company and the state, emerging from the compilation of the study of corporate crime with the study of state crime.

2.2.2.2 State crime

State crime is a relatively new study domain in criminology. Illegal or deviant acts perpetrated by or with the complicity of state agencies were until recently mostly studied international political sciences and anthropology (P. Green/Ward 2004: 431). The recent criminological attention has some specifications and challenges for the future. However, with the introduction of the International Criminal Court, state crime has gained academic attention, also in criminology.

In line with the competences of the ICC the attention has gone particularly to genocide, war crimes and crimes against humanity (P. Green/Ward 2004; Huisman 2009; Rothe/Ross 2009; Smeulers/Haveman 2008). With the exception of *P. Green and Ward* corruption is seldom considered as a state crime. We think it is a challenge for criminologists to further explore the relation between war crimes, genocide and crimes against humanity on the one hand and corruption on the other, as will also be discussed in section 3 (Bantekas 2006).

Relating corruption to human rights abuses brings the risk of the 'overexposure' of corruption in countries in transition and third world countries and makes people think about corruption in terms of 'the other' and 'the self'. *Criminology of the other* is a type of criminology which speaks of poor countries and countries in transition 'as if they are the gangsters, the rogue states, the failed states and we can present ourselves as police' (P. Green/

Ward 2004). On the other hand *criminology of the self* considers state crime as a 'natural outcome of the economic, military and geopolitical rationalities of advanced capitalist states' (P. Green/Ward 2004). This could be a fallacy when studying corruption and when overstressing the culture of a country or population. Criminology of the other is possibly an idea which is fostered by instruments such as Transparency International or the Global Integrity index which seems to isolate the responsibility for corruption to the government of the corrupt country while in a global economy more actors are involved. Although Transparency International has attempted to restore the balance by focusing its 2009 report on corruption into the private sector. In recent years, companies have gained access to the regulation process and other legal mechanisms of regulatory capturing have made corruption, in the strict juridical sense, less important. This evolution into co-regulation risks turning the attention of the criminologists away from the responsibility of western countries to poor countries.

To avoid the spurious dichotomy of the self and the other and of the relation between private companies and the state, a new approach has now become essential.

2.2.2.3 State-corporate crime

A last biotope for the study of corruption is state-corporate crime. State-corporate crime provides a framework for studying forms of organisational deviance created or facilitated by the intersection of political and economic institutions (Kramer/Michalowski 2006: 18). In the first decades of the study of corporate crime, criminologists were strongly focussed on the private legal organisation as the perpetrator and the study of the role of public authorities was somewhat limited (Kramer/Michalowski/Kauzlarich 2002: 270). In theories explaining corporate crime, state responsibility was reduced to a lack of state regulation or a lack of enforcement (Box 1983: 64) or, going back to *Sutherland*, was conceived as belonging to the same social class (1961: 248). However the statement 'no corporate crime without the state' holds water. *Kramer, Kauzlarich and Michalowski* reintroduced the state as participant in the commission of corporate crime, either as facilitator or as initiator. The introduction of the notion *state* came from a feeling of dissatisfaction with the underestimated responsibility of the state in committing corporate and organized crime. Their critique was based on the proposition of *Quinney* that 'the definition and control of some behaviour as criminal and the selection of others as acceptable are the consequences of socially embedded processes of naming, not qualities in resident in the behaviour so named' (Kramer et al. 2002: 265-266). With the introduction of state-corporate crime; *Kramer* and his colleagues reintroduced the state, not in the baseline as an element of explanation, but as a responsible actor. Certain behaviour committed at the intersection of corporate and state goals are not as seen as criminal; either because they are not named as such by law, or are not treated as such by those who administer and enforce the law, re-

gardless of the social harm this type of behaviour causes (Kramer et al. 2002). State-organized crime is organized crime that is created or facilitated at the political level (Chambliss 1989). P. Green (2005) brought the three domains together in his study of the construction industry in Turkey and the disasters after the earth quakes. This same mechanism of the blurring of boundaries between organized, corporate, and state crime is remarkable in the illegal trade in natural resources and the relation of this illegal trade with arms trafficking (Boekhout van Solinge 2008; Reno 2009). A striking example is the scandal of 'Angolagate' in which French officials have recently been convicted of taking bribes and doing business with shady arms dealers to safeguard French oil interests in Angola and in which former executives of the French oil company Elf have been convicted for offering bribes to both parties in the civil war in this country (Frynas/Wood 2001).

Kramer and Michalowski further differentiated the responsibility of the state between *state-initiated* and *state-facilitated* (Kramer et al 2002: 271) notions that fit with what are called acts of commission and acts of omission. State-initiated activities are socially injurious activities initiated by a governmental actor. State-facilitated activities occur when government regulatory institutions fail to restrain illegal acts, 'because of a collusive relationship or because they adhere to shared goals whose attainment would be hampered by aggressive regulation' (Kramer et al 2002: 271-272). The corrupt activities of a civil servant in a tolerant environment without leadership or implementation of regulation could be considered as state-facilitated.[5]

State-corporate crime is a rather inflexible concept but it sets some reflections in motion. Firstly, it has contributed to a more complete view of the network of responsible actors involved in corporate crime. Not only is the private company important but also the state, as an institution of rule making and of enforcement. Secondly, the activities of the state itself are questioned more thoroughly. Finally, the concept of state-corporate crime highlights the debate about the criminal law definition of corruption: is the legal definition sufficient to encompass socially injurious relations between companies? This is a debate which pops up from time to time in criminology: reminiscent of the radical criminology of the Schwendingers who pleaded for a human rights definition of crime because the legalistic definitions cannot be justified

5 Even if these different notions of responsibility hold water, their application in practice can be a rather complex exercise and nuances can be subtle. Take for example the weapons exported from the Belgian weapon factory *Fabrique Nationale de Herstal* or in short *FN*. Since 1997 the Walloon Region is the 100% owner of the Herstal Group which the FN factory belongs to. They provide employment for 3000 people in Belgium, Japan, Portugal and the US. In 2002 FN was front page news because the parliament of the Walloon region gave permission for the export of more than 5000 machine guns to Nepal whilst weapons export to regions in conflict is internationally forbidden. What was the Walloon region doing in this case: facilitating to protect a national traditional economy and employment or, initiating because they were 100% owners of the company in question? In other words – how do we categorize a case where the state is the company and the regulator at the same time?

as long as they make the activity of criminologists subservient to the state (Schwendinger/Schwendinger 1975: 138). In addition, *P. Green and Ward* specified the aspect of socially injurious by referring to human rights violations (P. Green/Ward 2004: 28). *Barak* moreover, says that in a sense, injurious activities of the state are more threatening than harmful activities of the private sector because the state makes the rules in the name of common interest or national welfare (Barak 1991: 5). Even if these contributions are radical criminological points of view which stand far from practical applicability, they keep criminologists alive to the relativity of the penal code and potential injurious effects of legal activities (Passas/Goodwin 2004).

2.3 Corruption in victimology

Corruption can have a wide variety of victims: the state, competing firms, the community or even entire societies. Moreover, those under direct or indirect duress to commit corruption offer a broad base for further criminological analysis. Surprisingly, however, victims are seldom the topic of concern in corruption studies. This is a general fallacy of organisational criminology. Corporate crime has often been represented as victimless crime for many reasons (Croall 2001: 8-9; Wells 1994: 26). *Ross* said it was due to the character of the perpetrator, *the criminaloid*, who consciously avoids victimising in his direct neighbourhood (Ross 1907). Others blame it on the private character of organisational crime: committed in offices or by using safe telecommunication. Also, the time-space distance between the offender and the victim plays a role (Vande Walle 2005: 39-44) Going back to the case of the export of counterfeit medicines to Nigeria, between the moment of bribing the customs officer and the consumption of the pseudo-medication a considerable period of weeks or months passed. Finding the causal link between the injurious effects and the transaction between company and customs officer was almost impossible. The distance between the offender and the victim reinforces the invisibility of victimisation and the unconsciousness of the injured of being a victim. Furthermore, especially in the case of corruption, the indirect effects on employment, health care and education, avoids public disapproval. Even if people were conscious of their victimisation, their social position makes it almost impossible to react with impact. The Global Corruption Barometer of Transparency International (2008) shows that low income households have to pay most bribes. This finding is in flat contradiction to the democratic character often attributed to corporate crime. Everybody can be a victim but the weakest, the poor, the uninformed, are the first victims.

The characteristics of corruption make the victim into what *Sutherland* called a *weak antagonist*, or a victim who resigns because of his low social status or lack of knowledge (Sutherland 1949: 230). It is one of the tasks of victimology to make victims more visible primarily, in their own interest but

also to get a better understanding of the mechanisms which operate to make people apparently resigned to their fate.

3. The aetiology of corruption

The previous section has shown that criminologists would place corruption in the scope of types of crime which take place in an organisational context. It is therefore plausible to explore whether theories that have been developed to understand the causes of these forms of crime, are also applicable to the aetiology of corruption. In addition, the distinction between organisational and occupational crime is parallel to the active and passive sides of corruption. In a corporate crime context, it can be a corporate agent who is offering bribes in order to achieve a corporate aim, for instance acquiring a contract or obtaining a governmental permit. On the passive side, it will be a member of a private or public organization taking the bribe for his or her own benefit, in exchange for a service or omission that will probably not be for the benefit of the organization.

This distinction can also be relevant for the explanation of corruption. Theories on the causes of organized and white-collar crime are often elaborations of general theories of crime. These theories focus on three categories of explanatory variables: *motivation, opportunity and the operationality of social control*. According to *Coleman* (1987:409) motives are 'a set of symbolic constructions defining certain kinds of goals and activities as appropriate and desirable and others as lacking those qualities'. Opportunities entail 'a potential course of action, made possible by a particular set of social conditions, which has been symbolically incorporated into an actor's repertoire of behavioural possibilities'. According to *Shover and Bryant* (1993: 144) opportunities for corporate crime are 'objectively given situations or conditions encountered by corporate personnel that offer attractive potential for enriching corporate coffers or furthering other corporate objectives by criminal means'. The operationality of control is the opposite of opportunity: informal and formal control provided by guardians serve as a restraint on the commission of crime (Benson/Simpson 2009). While a motivation is a subjective construction of psychological desires, and opportunity and control are rooted in objective social conditions, these variables are inseparably interwoven in particular settings. Motivations evolve in response to a particular set of structural opportunities and have little meaning in another context. Equally, an opportunity requires a symbolic construction making that particular behavioural option psychologically available to individual actors. Finally, a lack of control contributes to the opportunities to commit crime. In other words, acting in an environment in which business opportunities present themselves after showing willingness to take care of the personal needs of authority figures might influence the motivation to do so.

This example shows that these explanatory variables can be found on several aggregate levels: the level of the individual offender and his or her social interactions, the organizational level of structural and cultural characteristics of organizations and the institutional level of political economy and business regulation (Kramer/Michalowski 2006; Shover/Bryant 1993). *Vaughan* (2002) has emphasized the importance of understanding the interconnections of the micro-, meso- and macro-levels and the relationships between the environment, the organizational setting and the behaviour of individuals within for the explanation of misconduct committed from within an organizational context.

3.1 The institutional level

On the macro-level, many criminologists attribute a criminogenic effect to the 'culture of competition', a complex of values and beliefs that is particularly strong in social systems based on industrial capitalism (Coleman 1995:363). In this worldview, the foundations of which can be traced back to the 17th century (Coleman 1987: 416), great importance is given to achieving wealth and success, while people are seen as autonomous individuals with powers of reason and free choice and therefore responsible for their own condition. In this way, the culture of competition defines the competitive struggle for personal gain as positive, rather than negative or selfish. Competition produces maximum economic value for society as a whole. This demand for success and the pursuit of wealth is seen by some criminologists as criminogenic in itself (Punch 1996). Others point to the fact that it is rather the flipside that brings a risk: when success is threatened and illegitimate means are perceived as the only remaining method of attaining wealth (Passas 1990). According to *Coleman*, this 'fear of falling' is the inevitable correlate of the demand for success, which together provides a set of powerful symbolic structures central to the motivation of economic behaviour (Coleman 1995: 417). Furthermore, the principle of calculated self-interest of market exchange collides with principles of open sharing and reciprocal exchange found in societies that are not deeply influenced by industrial capitalism. It is this collision of capitalist self-interest and traditional reciprocal exchange which is often related to the observed 'corruption eruption' attributed to the internationalization of economic markets (Williams/Beare 1999). The question at hand is whether globalisation of business has increased the prevalence of corruption or has globalisation increased the visibility and sensibility of corruption.

3.1.1 Globalisation and anomie

Most authors in the field of criminology regard globalisation as a criminogenic development. According to *Passas* (1998), globalisation multiplies, intensifies and activates 'criminogenic asymmetries' that lie at the root of corporate crime. *Passas* defines these asymmetries as 'structural disjunctions, mismatches and inequalities in the spheres of politics, culture, the economy and the law'. These are criminogenic in that they offer illegal opportunities, create motives to use these opportunities and make it possible for offenders to get away with it. *Passas* sees corruption as a conservative force that maintains or increases asymmetries (Passas 1998: 26). It hampers social, economic and political progress and it facilitates the illegal markets which are the result of asymmetries. Corruption, on the other hand, is also a consequence of asymmetries (Passas 1998: 27). 'Companies operating in countries with slow and inefficient administration will be tempted to pay 'speed money' in order to get the job done.' Economic asymmetries might foster attitudes justifying corruption as functional to local economies and as way of redistributing wealth. Corrupt practices might become seen as patriotic acts, for instance in skimming off funds of international organisations intended for economic development.

Criminogenic asymmetries can also be found in the field of the regulation of corruption. The nature and the firmness of the regulation of corruption may differ from one country to another, ranging from total absence of binding standards, to an emphasis on self regulation and criminalization. Although most countries that abide by the Rule of Law have criminalized corruption and 37 – mostly developed – countries have ratified the 1999 OECD Anti-Bribery Convention, bribes paid in international business are still tax-deductable in several countries or alternatively, there is a lack of legal enforcement, creating ambiguity around the illegitimacy of corruption (Transparancy International 2008). Asymmetries in the regulation of corruption might not only provide *de jure* opportunities but they can also contribute to the moral ambiguity of offering and accepting bribes. Ambiguity surrounding regulatory requirements and therefore applicable norms and boundaries of acceptable behaviour is often seen as a typical feature of white-collar crime (Nelken 1994; Zimring/Johnson 2005).

'As in the study of white-collar crime, to study corruption is an attempt to follow a moving target: the way that certain transactions move in and out of acceptable behavior as the boundaries of what is legitimate are softened, reaffirmed or redrawn; this is the classic stuff of labeling theory' (Levi/Nelken, 1996).

Situations in which there is a high degree in uncertainty or confusion as to what is and what is not acceptable, due to radical changes in society, were labeled by the great sociologist *Durkheim* as 'anomie' (Durkheim 1897/1997). According to *Durkheim* and the criminologists who have elaborated upon his theory, in an anomic environment, comparatively high levels of crime might

be expected. Countries which reputably have high levels of corruption, as might be deducted from the Transparency Corruption Index, might be in the process of experiencing such rapid and radical changes. 'Likewise any sudden political or economic shift – such as into free-markets, democratic systems – may result in a contemporary state of heightened corruption and instability. The corruption may not be to blame for this chaos, but in fact may be reflective of it' (Beare 1997b: 163). An alternative reading of the influence of globalization on corruption is that it has increased the sensitivity for corruption. Based on the review of the publications and policy statements of the leading anti-corruption crusaders – namely the OECD, the IMF and the World Bank – *Williams and Beare* (1999) claim that the key change that has occurred over the past few years is not the growth of overall levels of corruption or the severity of its effects on domestic economic growth, but rather, the reframing of corruption as a source of economic risk and uncertainty that must necessarily be problematized according to the objectives and interests of the global economy.

It will be discussed below how the anomie can be found on the meso- and micro-levels within organizations, contributing to causes of corruption. However, first the relations between nation states and multinational corporations will be discussed as relevant to the concept understanding of corruption.

3.1.2 Corporations and states

Nation states are responsible for exercising control of corporations by regulating business and enforcing the regulations by actively inspecting compliance and when necessary, sanctioning non-compliance. Corporate crime is state-facilitated when this social control is lacking; when government regulatory agencies fail to restrain deviant business activities. This failure might be due to negligence, but it might also be an intentional strategy to attract foreign corporations. As mentioned above, corporate crime might also be initiated by the state. State-initiated corporate crime occurs when corporations, employed by the government, engage in organizational crime at the direction, or with tacit approval of the government.

Corruption can be a causal factor or a result of this nexus of state-corporate relations leading to deviant behaviour. The concept of state-corporate crime reflects the fulfilment of mutually agreed objectives of a public agency and a private entity achieved through cooperative illegal activity (Friedrichs 2007: 147). The study of state-corporate crime rests on the premise that on the one hand, in order to operate, the modern corporation requires a particular legal, economic and political infrastructure which is provided by governments; while on the other hand, governments in capitalist states depend on corporations to supply goods and services, provide an economic base and support government policies (Harper/Israel 1999). 'A trawl of literature (largely non-criminological) reveals a great many cases where

corporations and states have colluded in criminal enterprise for mutual benefit' (P. Green/Ward 2004: 29)

Corruption might be used as a lubricant, to create situations of dependency of governmental agencies or officials, making them more willing to serve corporate interests. This might especially be the case when a large multinational corporation is dealing with a weak government of a developing country. The desire for development through foreign investment often results in developing countries ending up dependent on investment by foreign corporations. This dependence might lead a government to sacrifice the environment and the human rights of its population to economic development. This dependence will increase in situations of armed conflict: then the revenues of foreign investment are needed to keep the war effort going. Dependency on foreign investment is also strong in countries with a large financial debt, as is the case in almost all developing countries. According to *Barnhizer*, 'the debt service obligation almost compels governments to look the other way when foreign and domestic investors offer some hope of increasing economic development and hard currency earnings from foreign trade' (Barnhizer 2001: 146-147).

Furthermore, strong dependence arises in large projects in which the government of a developing country is doing business directly with a large corporation: such as the building of a gas-pipe by the military *Junta* in Burma and the US-based corporation Unocal (Marshman 2003) and the Ok Tedi mining project and Australia's largest mining corporation Broken Hill Pty in Papua New Guinea (Harper/Israel 1999). In these cases, governments might even be willing to change the law so that the operations of this specific corporation is not restricted by regulation that would be violated, while the actions of its civilians directed against the corporation might be criminalized, as happened in the Ok Tedi case (Harper/Israel 1999).

Again, bribing might further increase dependencies. Shell has admitted that their way of doing business stimulated the corruption in Nigeria.[6] Also, while being used by corporations as a means to facilitate smooth business, profiting from these kickbacks might become the prime motivation for the business at the receiving end. In the Angolagate scandal it was uncovered that, via complicated schemes, French officials provided the MPLA government with arms that were to be used in its civil war with the rebels of UNITA. Apparently, these arms were not of very high standard. Sometimes the arms were just delivered solely for the commission and were directly put into a tank graveyard because the tanks could not function any more (Shaxson 2007).

The privileged positions of corporations with exclusive contracts or joint ventures with state-organs might also lead to strong personal relationships between corporate executives and politicians or public officials. These per-

6 Shell (2003): People and The Environment report.

sonal relationships may further facilitate corruption. Allegedly, Liberian president Charles Taylor and Gus Kouwenhoven, director of Liberia's biggest logging companies OTC and RTC had such a relationship. 'Taylor and Mr. Gus were close friends', told the former management-assistant of OTC to a reporter of the Dutch newspaper *Trouw,* 'they often stayed together here on the complex and played volleyball or went fishing'. The reporter also describes how these logging companies paid large kickbacks to Taylor and his accomplices to obtain logging concessions.[7] Often, these personal relationships go hand in hand with corruption. The desire to generate foreign exchange at an institutional level coincides with the desire of individual political and corporate elites to gain personal profit.

In general, a high level of corruption may facilitate harmful business conduct, such as human rights violations and environmental pollution (International Council on Human Rights Policy 2009). Due to this causality, *Bantekas* proposes to qualify corruption as a crime against humanity in these situations (Bantekas 2006). The countries in which human rights abuses are frequently committed also score highly on the Corruption Perception Index of Transparency International (2008).

Corporations will be able to pay off any unfavourable governmental reaction to their harmful business activities. They may also be able to let governmental forces do the dirty work deemed necessary to protect corporate interests. For example, in Nigeria, a representative of the oil company Chevron was allegedly seen handing money to governmental soldiers, after having shot and killed protesters who had occupied one of Chevron's oil platforms (P. Green/Ward 2004: 38-39).

Not surprisingly, corporate involvement in human rights violations occurs in countries with dictatorial political systems. In such a system there is no democratic control governing the deals that the regime is making with corporations and the ways in which the government facilitates corporate interest and the destination of the revenues of such cooperation. Controversially, but interestingly, *Le Billon* also points to possible positive effects of corruption in situations of armed conflict: 'buying-off' belligerents can facilitate a transition to peace (Le Billon 2003; 2008).

The preceding section might create the impression that developing countries are particularly prone to corruption. However, the public governance structures of developed industrial societies might also create vulnerabilities for corruption. An example closer to home (at least the home of one of the authors) is the so-called *Poldermodel* that is seen as typical for public governance in The Netherlands, and especially in Dutch governmental policies regarding business. It has an historical meaning and refers to the crucial cooperation of the inhabitants of the Netherlands ('the low countries') to im-

7 Arjen van der Ziel, 'Tropisch hout met bloed eraan' (Tropical wood stained with blood). *Trouw*. 3 september 2003.

polder' their land and maintain dikes, in order to keep the water out, otherwise all would drown. This must have shaped Dutch civil society into resolution by negotiation and settlement rather than conflict. In the 1990s this Dutch form of public governance was labelled the *Poldermodel* (Delsen 2000). It represented the organized cooperation between the Dutch government, employers and trade unions, aimed at reaching agreements rather than conflict (Léonard 2005). The model gained official status by the 1992 report of the Dutch Social Economic Council (*The Economy of Convergence and Consultation*) (Sociaal Economische Raad 1992).

For years this model of public governance was praised, even by the former president of the United States, Bill Clinton. According to Dutch criminologists, this famous *Poldermodel* also has its less desirable side-effects (Van de Bunt/Huisman 2007). The result is that Dutch governmental bodies are dependent in many ways on the commitment of corporations to realise their goals. A criminogenic side-effect is an obscure web of shared interests and secret understandings that can be characterized as 'collusion'. The small number of cases of corruption by public authorities in the Netherlands (Huberts/Nelen 2005) may well be related to widespread collusion: it is not even necessary to bribe enforcers and other public authorities in the Netherlands because they are already perfectly willing to keep in mind the interests and views of corporations. The concept was also used as an explanation for the malpractice in the construction industry that led to a parliamentary inquiry (Van den Heuvel 2003). When a whistle-blower reported on the large scale price-fixing of which public authorities were the main victims, it was hastily assumed this was due to bribing practices. However, although some examples of business trips to exotic locations and attending brothels did occur, these could not explain the widespread nature of overpricing governmental contracts. This was better explained by the close relations between local officials and construction companies leading to collusion (Van den Heuvel 2003).

This Dutch example reaffirms the suggestions presented above that more refined forms of corruption enable developed countries to escape the more blunt form of bribery found in developing countries (Campos/Giovanni 2006; Johnston 2005).

3.2 The organizational level

It was discussed above that the strong emphasis placed on the goal of 'success' typical for the culture of competition found in capitalist societies has spread through globalisation to the world economy; moreover, situations of anomie that can occur in societies and that anomic situations are also fuelled by globalisation. This culture of competition and situations of anomie are often related to high levels of white-collar crime, such as corruption. A macro approach, however, cannot fully explain why some corporations or corporate

agents are willing to bribe foreign officials to get certain contracts, or domestic officials to get certain permits, or to escape sanctioning, while others do not. The macro perspective does not explain differences in compliance between organizations and their agents subjected to the same macro-variables. Therefore, it is necessary to look at organizational characteristics that may also influence the behaviour of organizational members. 'Corporate crime is *organizational* crime, and explaining it requires an *organizational* level of analysis' (Kramer 1982).

3.2.1 Strain

On the meso-level of organisations, the culture of competition can be related to organizational crime as a result of the strain that is felt between being able to achieve goals and having the means to do so. The strain-theory was originally formulated by *Merton* as a general theory of crime (Merton 1957). In his analysis of the American society in the nineteen thirties, *Merton* argued that the goal of economic success was valid for all members of society – the 'American Dream' – while the cultural prescribed means for achieving these goals are not evenly distributed among all members and social groups in society. This could bring groups with less access to legitimate means for acquiring wealth to search for alternative, possibly illegitimate means, dubbed by *Merton* as 'innovation'. *Cloward and Ohlin* added to this that also the availability of illegitimate means may not be evenly distributed among society (Cloward/Ohlin 1960). Adolescents growing up in neighbourhoods with extensive informal economies might have easier access to illegitimate business opportunities than youngsters growing up in neighbourhoods without these criminogenic opportunity structures. While having been developed for the explanation of crime in the lower classes of society, the strain theory proved very popular in the explanation of white-collar crime, especially combined with the notion of anomie (Cohen 1995; Passas 1990). Several studies have focused on the relevance of strain-situations that can exist within organizations for understanding white-collar crime. Specifically on the use of corruption by firms in Russia, *Venard* (2009) found a positive relationship between the intensity of competition and the level of corruption.

Especially when opportunities for making profit are threatened and the continuation of a corporation is at stake, corporate agents might transfer to illegitimate means to make profit, such as offering bribes to get the necessary contracts. In their classical and extensive study on corporate crime in American businesses, *Clinard and Yeager* found that 'firms in depressed industries as well as relatively poorly performing firms in all industries tend to violate the law to a greater extent than those not in this situation' (1980:129). However, the application of the strain theory is not restricted to marginal corporations. First, since all types of organizations are goal-seeking entities, innovative means to achieve goals – besides profit – can be used when conventional

means are blocked. Corruption as an innovative means to reach organizational goals – which can be closely connected to personal goals – can therefore also be found in non-profit organizations, such as political parties and NGO's. Second, it is rather the level of ambition with which goals are set and the perception that goal attainment is threatened that creates a feeling of strain than that it is an objectively desperate situation. Even in quite profitable and economically healthy firms, strain can be a motive for rule-breaking when ambitions are set so high that they can only be met by using 'innovative' ways. By consolidating the notions of reference groups and relative deprivation, the strain theory could predict rule breaking in any organization, at every level. In his study on retired managers of large corporations, *Clinard* (1983) found that especially middle-managers experienced strain. Top management sets the goals and the responsibility for achieving these goals is then passed in the organizational hierarchy to middle managers. Ambitions at the top may create so much internal pressure that the perceived only possible reaction of those in the middle is to break ethical and legal rules.

Although lower ranking personnel may be forced to do the dirty work, such as the actual bribing, they may not be without personal benefit for finding innovative courses of action. Indeed, the attainment of personal goals of success might be connected to and dependent upon the prosperity of the organisation. Personal gain may take the form of career advancement, having stock and receiving personal bonuses. The alignment of personal interests and organizational goals is not limited to corporations but can be seen in political organizations as well.

The breach of legal norms can at the same time constitute behaviour which conforms to the standards and expectations prevalent in the organization. 'Such standards may emerge out of efforts to deal with problematic situations and structurally generated strains' (Passas 1990:165). This means that informal, standard, operating procedures come into being that are clearly not in accordance with the law, but that are viewed and rationalized as acceptable and non-criminal, for instance because there are no real victims. This was exactly the landmark-rationalisation given by a respondent in Geis' case-study of price-fixing in het heavy electrical equipment industry in the nineteen fifties: 'Illegal? May be, but not criminal' (Geis 2006). The same rationalization could apply to corrupt standard procedures, as one of the authors was told in an interview with an executive of the former Dutch aviation industry Fokker: 'What do you think? If we do not first offer a Fokker Friendship to the president, we won't be able to do business in Africa' (Huisman 1995). Other rationalization in situations in which corruption is endemic is that one is merely conforming to expectations and that everybody is doing it. Indeed, in systemic corrupt societies, 'clientelism' and patronage are the norm and not taking part might be seen as deviant behaviour.

These rationalizations lead to a myth of normality surrounding nothing less than deviant behaviour which has become deeply entrenched in the organiza-

tional culture and which is passed on to new organizational members. Although *Shover and Hochstetler* (2002) warn us of a 'monolithic bias' of using organizational culture as an explanation for organizational crime and stress that culture is no 'straightjacket for action', they do point at the evidence that the stance towards ethical conduct and compliance with the law taken by organizational leadership may be a critical determent of organizational culture.

The choice for innovative strategies for goal attainment is even easier when the lines between legitimate and illegitimate behaviour are blurred due to regulatory obscurity, as might be the case in the regulation of corruption. The above analysis shows that the relation between strain and anomie is double-sided and mutually reinforcing: in anomic situations it is easier to defer to illegitimate means to achieve otherwise strained goals and strain can contribute to the blurring of norms of acceptable behaviour, creating deviant subcultures. When it is not clear which rules are applicable, or when such behaviour is condoned in the specific subculture, offering or taking bribes will come to be seen as an acceptable way of achieving organizational or personal goals. By so doing, this informal norm will become more deeply rooted.

3.2.2 Loosely coupled structures

Besides organizational goals and the pressure put on their attainment, another organizational feature that has been related to rule-breaking within the organization is the organizational structure. While the long hierarchical lines of a classic bureaucratic organization might lead to a diffusion of information and internal control, facilitating the occurrence of misconduct, deviant behaviour has recently been related to the contemporary trend of 'loose-coupling' in organizations. Loose coupling is the answer to increasing uncertainty in the environment of organizations, partly due to the internationalization of markets, and creates the capacity to respond to changes in the environment – threats or opportunities – with greater flexibility. Loose coupling is a form of decentralization in which sub-units are partly detached from the parent organization and receive a greater amount of autonomy. Although a loosely coupled structure allows an organization to better adapt to change, it also has some dysfunctions which may become an impetus to disreputable and illegal behaviour (Tombs 1995). A highly divisional, loosely coupled system may lack internal control. Because of the autonomy of sub-units, illegal behaviour may not come to the attention of the parent's management. While this behaviour may be an unwanted side-effect, de-coupling may also be a deliberate strategy to isolate subunits that run a higher risk of being accused of disreputable or illegal behaviour, for example because it is operating in a corruption ridden market or country (Gobert/Punch 2003). *Uhlenbruck et al.* (2006) show that corporations that enter foreign markets in corrupt environments adapt to the risk of corruption by using equity modes of entry such as short term contracting and joint ventures.

A step further in detaching from liability and reputation risks, is outsourcing questionable activities. This can often be observed as a corporation's reaction to a scandal concerning one of its subsidiaries. For example, when the large multinational fruit corporation Chiquita had to agree to a plea-bargain after being accused of providing pay-off money to the AUC in Colombia – a paramilitary group that is on the US terrorist organizations list – it officially left Colombia. Instead, a new company and independent company was formed for the export of bananas, Banamex, which has as sole client Chiquita and used all the infrastructure formally owned by Chiquita (Windsor 2008).

3.3 The interactional level

Although the discussed theories follow the common assumption in organizational sciences that organizations could be studied as actors, this anthropomorphic approach seems to forget that in the end it is *people* who are offering or accepting bribes. Most authors in the field of white-collar crime stress that white-collar offenders are 'normal' people, meaning that their personality traits, demographic and socio-characteristics are more similar to law-abiding middle-class citizens than offenders of regular, street crime. 'it is generally agreed that personal psychology plays no significant role in the genesis of white-collar crime and that the white-collar criminals are indeed psychologically normal' (Coleman 1995). The scarce literature on the profile of white-collar offenders confirms this view (Weisburd/Waring 2001).

3.3.1 Socialization of deviance

White-collar criminologists emphasize the conditioning effect of the organization on the individual's behaviour. Individuals who do not have a deviant self-image, become offenders through the pressures of the 'normalization' of deviance as discussed above. Organizational sociologists refer to the numbing effects of modern bureaucracies upon the moral sensibilities of their employees. *Drucker* labelled this as the 'Organization man', who is under pressure to conform to the image that individuality and personal ethical standards must be scarified for the sake of career. Processes of socialization can create a kind of 'moral numbness', in which unethical or illegal activities appear to be a normal part of daily routine.

According to *Cohen* (1995), organizational members who are subjected to the contradictions between behavioural norms in society and the norms being transferred in the organizational subculture, might suffer from psychological anomie. However, one might say that the processes of the socialization of deviance offer a way out from this state of alienation. *Passas* (1990: 166) even states that: 'In anomic situations, offenders are in a better position to neutral-

ise and rationalize their acts, and at the same time preserve their self-esteem'. Organizational subcultures provide their member with appropriate justifications. According to *Coleman*, police subcultures, for instance, often distinguish between 'clean' and 'dirty' pay-off money and hold that there is nothing unethical about accepting the former (Coleman 1987).

So, at the interactional level we can see that white-collar deviancy, such as corruption, is normal learned behaviour. We should thank Sutherland not only for introducing the concept of white-collar crime, but also for developing a theory for understanding social learning of deviancy. According to his differential association theory, criminal behaviour is learned like any other behaviour and the criminal must learn both the techniques of crime and motivations favourable to criminal behaviour. Through differential association and techniques, rationalisations and attitudes are passed on.

'The hypothesis of differential association is that criminal behaviour is learned in association with those that define such behaviour favourably and in isolation from those who define it unfavourably, and that a person in an appropriate situation engages in such behaviour if, and only if, the weight of the favourable definitions exceeds the weight of unfavourable definitions' (Sutherland 1949: 234).

3.3.2 Neutralization techniques

While there are several forms of corruption, and it could be assumed that their techniques are not hard to grasp, it might be more interesting to look at the neutralization of corruption. As white-collar offenders are generally strongly committed to the central normative structure, every offender has to cross a moral threshold to be able to violate laws or ethical norms. To maintain an identity of being a respectable citizen, a white-collar offender has to adjust the 'normative lens' through which society would view his behaviour. In their classic study, *Sykes and Matza* showed that delinquents adjust this normative lens by using techniques of neutralization that deny the seriousness of the offence and the blameworthiness of the offender (Sykes/Matza 1957). As *Coleman* pointed out so clearly, neutralisation techniques are not only *post hoc* rationalizations of white collar crime, but can also precede rule breaking and thereby morally facilitate non-compliance. 'A rationalization is not an after-the-fact excuse that someone invents to justify his or her behaviour but an integral part of the actor's motivation for the act' (Coleman 1987: 411) This would lead to the assumption that having neutralisation techniques at one's disposal is a crucial condition for getting involved in corruption and being capable of offering or accepting a bribe. Besides the obvious opportunities and limited control mechanisms, these neutralisation techniques could be an important object of study when doing research on corruption.

In a study on the accounts which convicted white collar offenders used to justify or excuse their behaviour, *Benson* identified three general patterns in accounting strategies: accounts oriented toward the offence, accounts toward

the offender and accounts toward the denouncer (Benson 1985: 1998). Accounts that focus on the offence either emphasize the normality and general acceptability of the behaviour ('business as usual') or portray the offence as an aberration, not representative of typical behaviour patterns. When the perpetrator himself is the subject of the account, he will try to show that no matter how the offence is eventually characterized, it is not indicative of his true character. Perpetrators must show that they are ordinary, reasonable individuals to be seen as separate from their offence and emphasize the crime's unique character. Accounts that aim at the denouncer condemn the condemners. For example, the offender might claim that prosecutors are motivated by personal interest rather than a desire to defend social or legal values, and that they were singled out for political reasons that had nothing to do with the harmfulness of their behaviour.

Both *Benson* and *Coleman* constructed a typology of the techniques of neutralization used by white-collar criminals. *Anand, Ashforth, and Joshi* (2005) applied these to corruption in organizations.

One of the most common techniques is the denial of harm. According to *Coleman*, the convicted white collar offender frequently claims that their actions did not harm anyone, and that they therefore did not do anything wrong. This technique is rather obvious in neutralizing corruption. Although the relationship of the stakeholders in a corruption scheme is often portrayed as a triangular affair – the one that is bribing, the one that is being bribed and the victim – the victim is often more difficult to detect. Of course, as discussed in section 2.3, victimization can always be constructed: competitors who did not get the contract, refugees who receive less aid because of the amount of kickbacks taken by local officials, and the integrity of the political system in general. However, for both sides benefiting from corruption it will often be easy to maintain that no harm has been done.

A second neutralisation technique used by white collar offenders is to claim that the laws they are violating are unnecessary or even unjust. Offenders using this rationalization find support in the influential neo-liberal Chicago school of economics which argues that market systems can only operate at a maximum efficiency when there no artificial barriers such as government regulation (Friedman 1962; Posner 1976). 'The state has no role except to get out of the way' (Snider 2000: 182). In the light of corruption this argument is interesting, because it is due to the pressure of international business that international organizations such as the World Bank, the IMF, the OECD and the European Union are forcing nation states to prohibit and prevent corruption, trying to create a 'level-playing-field' for multinational corporations. Corporations wish to be able to operate as inexpensively and rationally as possible throughout the world. Systems of graft and bribes are unpredictable, unreliable and costly (Williams/Beare 1999). Nevertheless, those who are struck by these regulations might say that they only promote international business at the expense of the local economy.

A third neutralisation is that the violation of regulation is necessary to achieve vital economic goals or just to survive. Both on the active and the passive side of corruption this neutralization can be identified. Those who offer bribes will stress that this – however undesirable – is necessary to be able to conduct business. Those who receive the bribes may say that the regular salary is not sufficient to survive and that the extra income is necessary to take care for the family.

A fourth technique of neutralization involves transfer of responsibility from the offender to a larger group. This will be especially useable when corruption is endemic. Both those who are offering and who are accepting bribes might claim that 'everybody's doing it'. The accompanying rationalization is that it is unfair to condemn one violator unless all other violators are condemned as well.

The fifth neutralization method is that a person is not responsible for his behaviour – which therefore cannot be qualified as criminal – when merely conforming to expectations of others. This refers to the escape of middle-management to situations of strain: through processes of socialization, using bribes might be seen as an acceptable way of meeting the targets set by higher management. Moreover, when clientelism and patronage are endemic, paying or taking bribes *is* expected.

Finally, many occupational crimes are justified on the grounds that the offender deserves the money. This rationalization clearly only applies to the receiving end of corruption, but it might be a dominant neutralization for the more daily forms of kickbacks that are attached to a certain position in public office. A good example is the saying used by members of the All Peoples Congress administration of Sierra Leone, as recorded by *Thompson and Potter* (1997: 150), 'Da sae wey den tie cow, nar dey e go eat grass' meaning literally that 'A cow will graze on land allotted to it for that purpose'.

4. Methodological considerations

A final issue to discuss is the methodology to explore corruption as a crime phenomenon. It is debatable whether we should discuss a criminological methodology of the study of corruption. First, in the domain of criminology empirical research on corruption is very limited. Second, being a social science of which the boundary with other social sciences is blurred, research methodology would also be equally similar. Nevertheless, in criminological research, methodological strategies have been developed to overcome the handicaps connected to studying behaviour which people would neither see nor hear due to its illegal nature (Bijleveld/Nijboer 2003).

Basically, two types of data are used in criminological research to study crime (and its offenders, its causes and its consequences). The first type is data produced by law enforcement agencies, such as police reports, court

rulings etc. The second type consists of data directly gathered from offenders or victims of crime, mostly by victim surveys and self-reporting surveys.

Corruption is a consensual crime, of which reporting to the police benefits neither the corruptor nor the corruptee and the victims may be oblivious to their victimization. Most corruption cases remain hidden because both parties respect *the rule of silence*, because nobody in the environment reacts to the corruption or because their corruptive practices are not perceived to be corruption. Furthermore, corruption cases that occur in an organisational context are often settled in alternative ways, such as a disciplinary procedure.

Therefore, corruption is a crime phenomenon with a large 'dark figure'. This concept refers to the amount of crime that is not reported and therefore not visible in official registrations and files. Official data show only the tip of the iceberg. As a Founding Father of research into white-collar crime, *Sutherland* was aware of the problem that the files of the criminal court only represent a small part of corruption cases and that most cases were settled out of court or in a civil or a disciplinary procedure. To study the true amount of legal violation committed by the largest American companies, he collected both the criminal and civil court files together with databases of disciplinary agencies. Since only a small amount of cases are dealt with in the criminal courts the researcher must broaden their research domain to non-judicial enforcement organisations. A recent example is the research on corruption in the Dutch public administration, executed under order of the Ministry of Justice of The Netherlands (Huberts/Nelen 2005). The aim was to gather information on the extent, nature and settlement of corruption cases in that country. To study the extent of corruption, the researchers started from the idea that the corruption files at the level of criminal justice are known. They completed the information by sending a questionnaire to the public administrations asking to report on the files of internal settlement of corruption cases. The methodology to study the nature of corruption was particularly case-study research. The settlement question was explored by a triangulation of conducting interviews and the analysis of files of the public prosecutor and the public administration.

Every crime, even murder, has its dark figure. But because of its diffuse character and its apparent victimless nature, the portion below water surface of the iceberg of corruption will be relatively large even if all law enforcement agencies are included. Victim surveys and self-reporting have been developed to overcome the dark-figure-problem in studying crime. However, the limited awareness of corruption victims of being victimized, and the ambiguous criminalization of many forms of corruption, limit the added value of these instruments in studying the prevalence and the nature of corruption.

In line with Transparency International some criminologists chose for perception study (Dormaels 2010; Zang/Cao/Vaughn 2009). Instead of measuring the prevalence of corruption, social scientists developed a methodology to measure the people's perception of corruption (see, eg., Gardiner 1967;

Gibbons 1990; Heidenheimer 1989). These perception studies give an idea of the way people judge acts of politicians and civil servants. These types of study primarily shed light on people's trust in public authorities and processes of the criminalization of corruption. However, their contribution to criminological research questions on prevalence and causes of actual acts of corruption is negligible.

The dark figure of corruption cases makes a quantitative analysis based on official registration or victim surveys useless. Therefore, most corruption research in criminology is based on a qualitative methodology: interviewing, participant observation and case-study. For example, in his research on corporate crime in the pharmaceutical industry, *Braithwaite* interviewed management and employees of pharmaceutical companies to find out whether and how companies commit corruption (Braithwaite 1984). A lot of publications could be read as case-studies even if the methodology is not that rigid. We refer to the work of *Punch* on police corruption. His research on police corruption is based on interviews with police officers and arrested police officers, on informal talks, on the interaction with police officers during presentations, on visits to police stations etc. (Punch 2009)

The method of case study certainly has its merits. *Shover and Hochstetler* (2002) mention that 'the findings of case-studies can be used to generate hypothesis or to cast doubt on theory-based hypothesis'. Case-studies also enable the researcher to study the 'real thing', and getting a better understanding of the meaning of corruption in the social setting in which it is committed. However, they also point out the shortcomings of explaining organizational crime on the basis of case-studies. Usually the more serious cases concerning high-profile individuals or organizations in which they occurred are singled out, in the process becoming landmark-narratives of scholarship on corruption. As *Shover and Hochstetler* remark, findings gained from the most egregious incidents and offenders may have limited application to the more typical corruption, if such a thing exists. For instance, besides the obvious example of mafia-ridden countries like Italy, the Dutch perception of corruption was for a long time shaped by the exceptional case of the bribing scandal of Prince Bernhard who at the time of the scandal was the husband of the reigning monarch, Queen Juliana of The Netherlands. The prince was embroiled in scandal with the American arms manufacturer Lockheed, in the process of the procurement of new fighter jets for the Dutch Air Force in the 1970s. The same could be said about the more recent Agusta-scandal in which two Belgian ministers and the Belgian secretary-general of NATO were found guilty of being bribed in the acquisition of attack-helicopters (Cools 2009).

A discrepancy seems to exist between the study of corrupt behaviour of civil servants or politicians on the one hand and the scientific indifference vis à vis the corruptive practices of private companies and of civilians. Most research is directed to the passive corruption side while the active corruptor at-

tracts less attention. *Shichor and Geis* who carried out a survey on transnational bribery confirm that business men escape the disapproval: people think that accepting a bribe is worse than offering a bribe (Shichor/Geis 2007). One of the explanations for this underestimation is that criminologists for a long time have shown restraint in entering private companies. Indeed, 'getting a foot in the door' is widely recognized as the greatest methodological challenge of researching corporate crime (Verhage 2009). Once inside, a second challenge is getting past the socially desirable answers of the public relations departments and getting managers to talk about the sensitive issues of corruption. Exceptions in the field of corruption are *Venard* (2009), who interviewed a mere 552 managers of Russian firms on the issue of environmental pressures and the decision to adopt corruption, *Van de Bunt* (1993) who got corporate security officers in The Netherlands talking about corruption in the private sector and the already mentioned *Braithwaite* who linked corruption to the pharmaceutical industry. One of the recommendations for criminological research is to intensify the study of the responsibility of private companies in corruption cases. The annual Global Corruption Report 2009 of Transparency International may stimulate research on corruption in the private sector.

5. Conclusion

This chapter started with the observation that corruption has seldom been the topic of criminological research. Nevertheless, corruption is a crime. However, as shown by the several domains of study in which corruption is of interest, corruption can be both causal factor and side-effect of categories of crime, such as organized crime, corporate crime and state crime.

Even if these criminological domains are fertile ground for corruption research it has been a rather limited list so far. Generally, corruption is not studied *per se* but comes into the picture as a facilitator for organized crime or a crime phenomenon typical for third world countries. One of the explanations for this scarce attention is the lack of public indignation. *Levi* gives the example of the corruption practices of the International Olympic Committee (Levi 2009: 58). The media who gave some publicity to the case had to prevent being blamed for publicity-seeking incompetence. Illustrating this point, *Box* said with reference to his research of police corruption: 'Corruption penetrates the public consciousness rarely, like a missed heart-beat in an otherwise perfectly functioning body' (Box 1983: 93).

Due to the natural evolution of the discipline itself, but also because of the social context, we predict an increase in criminological corruption research in the near future. First of all, the move to transnational crime research that discloses the sometimes deviant connection between the western market and local and national governments of third world countries or countries in

transition, shows the urgency of corruption research. Secondly, the anti-corruption measures that have been taken at the international and state level and the positive pressure that goes out from non-governmental organisations such as Transparency International have a stimulating effect. Thirdly, actors in the private sector also start to take initiatives that disturb fair competition. In the Ethical Corporation magazine corruption is perceived as 'the' corporate crime of the century (Roner 2008). The criminal investigations on the corrupt practices of Siemens, Statoil and BAE Systems do not pass unnoticed. The resistance with which organisational criminologists are confronted when doing research concerning injurious corporate crime is apparently disappearing.

Finally, we would like to warn against adopting a narrow perspective on deviant relations between public authorities and the private sector. It is not only corruption that makes the position of private companies more comfortable. The relation between the political level and the private sector has been changing from a state-regulated market into a policy of co-regulation and de-regulation. We wonder to what extent corruption is still a necessity for the protection of companies' interests and if the danger is not moving to legal relations between the public authorities and the private sector; in particular, lobbying, networking and the risk of the revolving doors. The European commission has recently tried to regulate the market of lobbyists who work at the European level in Brussels but had to reduce its plans from an obligatory system of transparency into a voluntary system of openness to the public.[8]

This chapter has raised the question whether the definition of corruption should go beyond legal boundaries and include other socially injurious forms of entanglement of interests. A problem of so doing is the inevitable net-widening and inflation of the term, further blurring the boundaries between corrupt and non-corrupt acts. However, not doing so limits the scope of the criminology of corruption to the usual suspects: the more visible and bare forms of bribing. Or, as *McBarnett* has put so eloquently: 'is corruption a 'crime for the crooks' or are some activities 'whiter than white collar crime?'' (Mc Barnett 1991: 3) In the case of the latter, *Passas* (1998) qualifies corruption as 'crime without law violation'.

The application of criminological theories results in a plausible hypothesis on causations of corruption. This hypothesis illustrates the interplay of motivation, opportunity and control at the individual, organizational and environmental levels. This dynamic and mutually reinforcing relationship can have a spiraling down effect, amplifying deviance and increasing the likelihood of corruption (Den Nieuwenboer/Kaptein 2008).

However, there are two possible flaws in our analysis. First, the many forms of corruption might challenge the assumption used in this chapter that it is often committed in a white-collar crime context, and second, this as-

8 See for the list of lobbyists: https://webgate.ec.europa.eu/transparency/regrin/welcome.do

sumption and also the hypothesis based on it need to be empirically tested, therefore. However, there is hardly any criminological research that explicitly focuses on corruption. Nonetheless, in corporate crime research, some methodology has been developed for studying ambiguous and seemingly victimless crimes committed in organizational context.

Seeing corruption as forms of organized, occupational or organizational crime would also suggest that the strategies developed and derived from causations for combating these forms of crime, would also apply to fighting corruption. It is noticeable that international and non-governmental organizations involved in the fight against corruption, often stress the importance of criminalization and the application of criminal law enforcement. However, it is questionable if this plea serves as a moral message or as an assumption of the instrumentality of criminal law. Looking at the responses to organized and organizational crime, it is generally assumed that the deterrent effect of criminal law – or any legal sanctions for that matter – is rather limited. While in theory, total control would deter organizational crime; in practice the deterrence strategy suffers from too many flaws to be effective. On the basis of a meta-analysis of studies of the effectiveness of deterrence of corporate crime, *Simpson* concludes:

'The evidence is far from conclusive regarding whether corporate violators should be criminally prosecuted or whether other justice systems (civil or administrative) produce higher levels of corporate compliance or if sanctions should be directed toward the company, responsible managers, or both (…) 'Get tough on corporate crime' recommendations have relatively little empirical merit at this point of time, especially without consideration and research on how legal sanctions operate in conjunction with other social control mechanisms' (Simpson 2006: 69, 77).

And also the recent studies and policy document on combating organized crime show a realistic view on the limitations of the effectiveness of the application criminal law: 'You can put them in jail, but you cannot put them out of business' (Huisman/Nelen 2007). Because of these limitations, contemporary criminal policy is more focused on taking away the opportunities for committing criminal offences. Crucial in such situational crime prevention, is blocking the access of offenders to potential target or victims. However, with many white-collar crimes, specialized access to corruptees is connected to occupational roles and blocking this might not be feasible in the organizational or business setting (Benson/Madensen 2007).

Chapter 9:
A Multi Approach in Corruption Research: Towards a More Comprehensive Multi-Level Framework to Study Corruption and Its Causes

Leo W.J.C. Huberts

1. Introduction

Corruption and causation are among the most contested concepts in (social) science and their combination offers an intriguing as well as a seemingly unsolvable puzzle. In this chapter, I will try to clarify some of its pieces.

The first puzzle piece concerns the characterization of corruption. It is crucial to be clear about the actual interpretation of the corruption concept. Is it bribing and being bribed; is it private profit from (public) power; is it unethical (public) behavior? (§ 2) Second, whenever causes are debated, the question of how causation is interpreted arises. Stemming from the literature on power and influence, the view on causes as INUS conditions is presented. A cause is a characteristic or condition that is an 'Insufficient' but 'Necessary' part of an 'Unnecessary' but 'Sufficient' condition for the effect (§ 3). Many conditions can lead to corruption and in research, it is essential to try to find the element that cannot be missed among the many that together contribute to it.

A third complication and challenge is the interrelationship of many conditions at different 'analytical' levels. We all are familiar with the micro-meso-macro distinction. Although many researchers focus on one or two of these levels – often because their disciplinary orientation so limits them – few will deny that the real challenge in is (inter)relating these levels. A number of approaches and studies will be presented with different and challenging foci on the factors that determine corruption. First some descriptive multi-level frameworks will be summarized (§ 4); second a number of challenging 'limited level' studies will be presented (§ 5). After the brief sketches of these studies on the conditions and causes of corruption, we conclude with a first idea about a multi-level approach or a better framework for analysis (§ 6). Not surprisingly, it becomes clear that there is no simple way out of multi-dilemmas. The main conclusion is nonetheless optimistic. A comprehensive framework that relates types of corruption with a variety of factors at different levels might help. And although we are only in the first phase, that is, collecting and summing up what might matter, I am optimistic about using that knowledge for overlapping theory building.

2. Multi-Corruption

It is often stated that the corruption phenomenon is complex, complicated, and difficult to grasp, resulting in the notion that defining corruption is more or less a mission impossible. In my view, however, there is not so much a serious conceptual problem of obscurity or complexity but primarily a matter of disagreement between scholars and practitioners. To put it simply: interpretations of what corruption vary between broad and narrow, and we can avoid Babylonian confusion of speech by being explicit in definition and specification.

Often 'corruption' is related to acting in opposition to what is considered morally good or right (Barker/Carter 1996; Bull/Newell 2003; Caiden 1991; Caiden/Dwivedi/Jabbra 2001; Cooper 2001; Crank/Caldero 2000; Dobel 1999; Heidenheimer/Johnston 2002; Huberts/Jurkiewicz/Maesschalck 2008; Johnston 2005; Menzel/Carson 1999; Preston/Sampford/Connors 2002). In other words, it is equal to violating what is considered to be in line with relevant moral values and norms, equal to the violation of integrity (and rather close to 'improper interests involved', when the last part is interpreted broadly).

The interpretation is quite different from the probably most-favored definition of corruption in terms of *private* interest and profit from (public) office (Lawton/Doig 2006; Menzel 2005; Pope 2000). This interpretation is widespread but has to compete with an 'even more' specific interpretation that concentrates on where the private profit is coming from. Is misusing office for private profit always corruption or is it conditional whether there is a third party involved? If so, we are concentrating on bribing and other types of improper influence (active and passive); if not, all types of theft, fraud, and misuse of resources are included.

In VU research, a broad typology of integrity violations is used. It was originally formulated through an analysis of the literature on (police) integrity and corruption and later adapted and validated (Lasthuizen 2008) based on empirical research on internal police force investigations. The typology explicitly incorporates violations of law as well as of (informal) moral norms and values, violations in function within the organization, private time (mis)behavior, behavior serving private personal interests, and misbehavior in favor of the organization ('noble cause corruption') (Lamboo 2005).

Among the types of integrity violation are corruption (bribing and favoritism)[1], fraud, theft, conflict of interest through gifts, conflict of interest

1 Thus, only bribing and favoritism explicitly use the corruption label. Corruption as *bribing* involves the abuse of powers for private gain, coming from an interested third actor (because of advantages promised or given). In corruption as *favoritism*, the advantages promised or given to the corrupt functionary can take the form of indirect personal gains, such as when family or close friends (nepotism), friends or peers (cronyism), or a party or one's own organisation (patronage) are favoured.

through jobs, improper use of authority, misuse and manipulation of information, indecent treatment of colleagues or citizens and customers (including discrimination and sexual harassment), waste and abuse of organizational resources, and private time misconduct. To distinguish between them is important, especially when discussing the causes of 'corruption'. It seems plausible that corruption as 'bribing' will not be caused by the same factors as other corruption-related violations (favoritism, fraud, conflict of interest, and so on), let alone other types of violation (for example, waste and abuse of resources and private time misconduct).

Focus

This chapter will concentrate on corruption with an interpretation used by other authors in this book, that is, corruption as the *abuse of a (public) authority for private benefit*. This is more or less in line with Michael Johnston's definition of corruption as 'the abuse, according to the legal or social standards constituting a society's system of public order, of a public role or resource for private benefit' (1996: 322). More specifically, this means that the following elements of the typology are incorporated:

1. Bribing: Misuse of (public) power for private gain: asking, offering, accepting bribes.
2. Favoritism: Misuse of authority to favor family, friends or party (nepotism, cronyism, patronage).
3. Fraud and theft: Improper private gain from the organization, colleagues, or citizens without an interested external actor.
4. Conflict of (private and public) interest through gifts, services, assets, or promises taken.
5. Conflict of (private and public) interest through sideline activities (jobs, position, activities).

Conclusion

It seems important to realize that future research will have to differentiate more clearly between types of violations, but for now it is most important that we are clear about the phenomenon we are addressing. I will from this point focus on corruption as the abuse of a (public) authority for private benefit. In terms of the integrity violations typology, it means that it includes bribing, favoritism, conflicts of interest, and fraud and theft. But please, keep in mind that when we concentrate on corruption as improper private profit from public power, we should not then over exaggerate the relevance of results for the causes of other types of integrity violations.

3. Multi-Level Causation

Causation is in a sense a more complex and disputed concept than corruption. Its content is essential for much of the work of social scientists, whatever their field. We all agree that 'correlation is not causation' and that co-variation as such is only a starting point for attempts to come to conclusions about cause and effect relationships. But what are the characteristics of a relationship that enables us to conclude it is a causal one? First it is important to be specific about the effect that is analyzed in order to establish causes. Second it is conditional that cause and effect both have occurred; that cause and effect are distinct 'events'; that, in the circumstances, if the cause had not occurred the effect would not have occurred; and that cause is prior to the effect.

Very strict interpretations of causality then imply that we only speak of the cause of an effect when the cause is necessary and sufficient for the effect, but this does not bring us much further in trying to understand the diverse and complex corruption phenomena we see in society. More often, a combination of conditions and circumstances seem to contribute to the effect or result, a corrupt person, regime, or organization.

A way out seems to be Mackie's idea to about 'INUS conditions' meaning 'Insufficient' but 'Necessary' part of an 'Unnecessary' but 'Sufficient' condition for the effect (Mackie 1965, 1974). Mackie stressed that effects have, typically, a plurality of causes. That is, a certain effect can be brought about by a number of distinct clusters of factors. Each cluster is sufficient to bring about the effect, but none of them is necessary. Each single factor is an insufficient but non-redundant part of an unnecessary but sufficient condition for the effect.

In other words, trying to find out more about the causes of corruption means trying to discover conglomerates of conditions that actually have led to cases of corruption. When there is corruption, there is by definition a set of sufficient conditions present. The next step is to disentangle the conglomerate, trying to find out what conditions seem to be most prominent or necessary or in INUS terms non-redundant.

Multi-Level

Another aspect of any approach is taking into account at which level corruption manifests itself and is analyzed. The common distinction between levels is that of micro (the individual), meso (group, organization), and macro (society).

Many scholars see the macro-meso-micro problem as hard to solve and many discussions on the importance of causal factors for corruption stem from researchers' involvement with different levels. Sometimes this is done by eclectic mapping of whatever is mentioned as a cause in (part of the) literature. Other examples concern researchers who consciously try to combine multi-level factors in empirical studies.

4. Eclectic Mapping of Causes

My first rather limited attempt to do international comparative research on the causes of 'public corruption and fraud' started with a literature review (Alatas 1990; Benaissa 1993; Caiden 1988; Van Duyne 1995; Heidenheimer/Johnston/Levine 1989; Hoetjes 1982; Huberts 1992; Klitgaard 1988; Wertheim/Brasz 1960). It resulted in a typology of social, economic, political, organizational, and individual factors mentioned in the literature as possible causes of corruption and fraud.

The starting point for that typology of factors was the 'ecological approach' of Ben Hoetjes, a Dutch pioneer in this field, who worked on development administration (primarily India) and on corruption in the Netherlands (1977, 1982, 1998, 2000). Hoetjes distinguished between four disciplinary approaches or clusters of relevant factors and causes (1977: 53-65).[2] The first '*Weberian* approach' sees corruption as a lack of rationalization of the public service and corruption is a phase on the route from patrimonialism to rational legal authority. Second is the *structural functionalist* approach. Which function fulfills corruption in a certain society? Is it for example the lubricant between the central and the local levels or between state and business levels? Or does corruption provide protection and influence for social groups with material wealth but little or no political influence? (Riggs 1964). The third approach, *institutional economics*, sees corrupt officials as rational utility maximizers who simply take the most profitable course of action. It favors perceiving 'individuals as rational beings attempting to further their own self-interest in a world of scarce resources' (Rose-Ackerman 1978: 4) and is also interested in the conditions that determine a profitable course, including the discretionary power of an actor and the expected costs of accepting a bribe (Rose-Ackerman 1999, 2006).

Hoetjes favored another approach to corruption that he called *ecological*, which concerns distinguishing the environment that furthers corruption (Hoetjes 1977: 60-65; Hoetjes 1982: 72-76). In his framework, many social, economic, and political factors are identified, but he does not limit himself to the environment or an 'ecological orientation'. He added many personal and organizational characteristics. The following set of causes can be derived from his work:

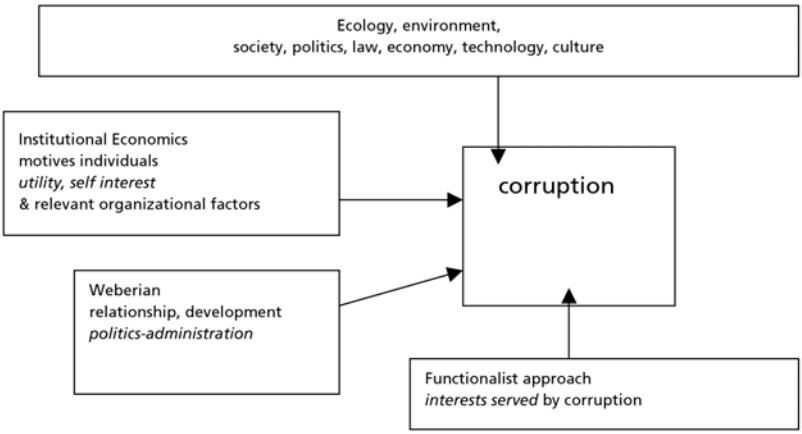
- Individual and personal factors: personal experiences, feelings of insecurity, personal identity, moral ambivalence
- Informal group factors within the organization: group or clique propensity to corrupt, informal group leadership, relationships with colleagues
- Formal organization: unclear tasks and responsibilities, lack of central authority, semi-publicness (between public and private), uncontrolled

2 See also chapter 1 of this book.

growth of the organization, demoralizing working conditions, contradictions between organizational circumstances and social expectations
- Society as a whole: social inequality, rapid social change, norms and values, apathy and ignorance, distrust
- Economy: poverty and inequality, inflation, sudden influx of external resources, state intervention in economic life, state monopolies, feelings of injustice concerning economic conditions
- Politics: increasing (party) political influence and de-bureaucratization, lack of democracy, lack of openness and public debate (also via the media).

It seems fruitful to reinterpret Hoetjes' four approaches in terms of questions on the causes of corruption. Weberians see the relationship between politics and administration as the key factor (including the quality and independence of the civil service) and 'economists' point to motives of the involved actors (individuals in particular) and their self-interest. Functionalists point to positive effects for the functioning of the system to explain the persistent presence of corruption, but they are not specific on the causes (more in general: the interests of the political and economic actors). Ecologists add that context is crucial and characteristics of society, politics, law, economy, technology, and culture have to be taken into account.

Figure 1: Hoetjes' Corruption Approaches: Weberian, functionalist, economics and ecological



Hoetjes' impressive inventory of factors may serve as a starting point, but a number of clarifications, changes and additions seem necessary to make the framework (more) useful for and appealing to corruption researchers. First, we have to take into account that the inventory was in part based on personal

impressions, which makes it rather random. State-of-the-art theory and research will have to be built in. Leadership characteristics, for example, are nowadays often seen as important to explaining and understanding corruption, but they are only impressionistically mentioned (Ciulla 2002; Lasthuizen 2008; Treviño et al. 1999). Second, its seems wise to reinterpret the four approaches by including all the mentioned factors on the micro (motives and circumstances), meso (organization) and macro (society) levels as possible causes of corruption. Third, it should be clearer that the corruption phenomenon to be explained manifests itself at different levels and thus causes and effects can be so situated and analyzed. Are we interested in individual, organizational or (social, political, economic) systemic corruption?

Expert Panel Views

When so many factors at different levels seem to contribute to corruption, an obvious question is what really matters (most). More than a decade ago, I carried out some research on the importance of a variety of multi-level causes of corruption (Huberts 1996, 1998). Twenty social, economic, political, organizational, and individual factors from the literature were selected as possible causes of public corruption and fraud (defined as the misuse of public power for private gain). An international expert panel was surveyed by mail about the extent of their nation's public corruption and fraud, the causal conditions, and the methods and strategies they considered to be effective combatants. (Huberts 1998). A total of 257 respondents from 49 countries answered the questions, 190 from higher and 67 from lower income countries.[3] The panel was asked to indicate the importance of 20 factors, including social (inequality, norms and values, crime), economic, political, organizational (culture, structure, leadership) and individual (norms and values, income) factors. Table 1 summarizes the results.

3 75 respondents from Western Europe, 4 from Eastern Europe, 65 from Asia, 14 from Oceania, 55 from North America, 37 from Latin America and 7 from Africa. 'Higher income countries' and 'lower income countries' were distinguished on the basis of the GNP per capita (GNP per capita > $6,000 = higher income country).

Table 1: Importance of Multi-Factors for Corruption in (Lower and Higher Income) Countries

Factors (very) important cause of public corruption or fraud in own country	higher income countries (n=190)	lower income countries (n=67)	total panel (n=257)
social factors			
➢ increasing strength of organized crime	79.3%	90.0%	82.0%
➢ social inequality	66.7%	90.2%	72.8%
➢ rapid social change	64.7%	81.4%	69.0%
➢ strong family ties and obligations	52.4%	61.4%	54.6%
➢ social norms and values concerning private and public (rights and duties)	78.0%	73.7%	76.9%
➢ values and norms concerning government and state officials and organizations	84.6%	79.7%	83.3%
economic factors			
➢ economic problems: inflation/recession	62.2%	85.2%	68.0%
➢ fast economic growth	51.4%	67.3%	55.3%
political factors			
➢ growth and size of government organization	60.0%	72.9%	63.2%
➢ strong interrelationships: politics and administration	67.0%	86.4%	71.8%
➢ strong interrelationships: business, politics, state	86.8%	92.9%	88.3%
➢ penetration of market ideology in the state	47.1%	43.9%	46.3%
➢ increasing significance of lobbying	76.5%	72.9%	75.6%
organizational factors: culture			
➢ public sector culture (values/norms)	83.3%	76.8%	81.8%
➢ lack of commitment of leadership (/giving bad example)	82.2%	90.2%	84.2%
organizational factors: structure			
➢ misorganization and mismanagement	80.7%	91.9%	83.5%
➢ lack of control, supervision, auditing	87.2%	93.3%	88.8%
➢ computerization of administrative procedures	31.4%	30.4%	31.1%
individual factors			
➢ norms and values of individual politicians and public servants	88.4%	98.4%	90.9%
➢ low salaries in the public sector	56.9%	87.1%	64.6%

According to the experts a conglomerate of causal factors was important to explaining cases of public corruption and fraud in their country. Not surprisingly, some factors related to developmental problems were considered more important by respondents from lower income countries. These factors were 'social inequality', 'low salaries in the public sector', and 'economic problems: inflation/recession'. The simple message here was that policies against poverty and underdevelopment would contribute to establishing more integrity in the public sector.

At the same time, there was much more agreement on the importance of causes in differing contexts than expected. The three most important were identical for higher and lower income countries, and most of the other most important causes of corruption in higher income countries were important in

lower income countries as well. In all parts of the world, rich or poor, corruption and fraud were associated with (1) the values and norms of individual politicians and civil servants, (2) the lack of commitment to public integrity of leadership, (3) organizational problems and failures (lack of control and supervision and mismanagement), (4) the relationship between the public sector and business, and (5) the increasing strength of organized crime.

What to think of these results? What is the use of presenting the aged views of an expert panel in a new book on the causes of corruption? I of course agree that the account presented is by definition questionable: the data are empirically limited and the work is poor on theory. The research nonetheless shows that experts can combine and relate causal factors at different levels in an analysis of corruption in their own countries. This makes me optimistic about the possibility of a comprehensive multi-level framework and of moving forward, empirically and theoretically.

An important question then is whether the many ensuing studies on the causes of corruption justify that optimism. The next section presents a selection of that important work with studies on the macro, meso, and micro levels.

5. Multi-Studies on the Causes of Corruption

Introduction

In this section we summarize a number of studies on the causes of corruption, concentrating first on macro level research, followed by meso and micro studies. The sketch is meant to be illustrative, not at all pretending to select the best studies nor present the state of the art.[4]

Macro Studies of Causes of Corruption

Two of the most quoted and famous contributions on the causes of corruption are that of Treisman (2000) and Lambsdorff (2005).[5] Both researchers focus on the macro level, analyzing many countries and taking into account a limited number of primarily macro characteristics. Later, both authors reviewed the enormous body of literature in their field that was published in the last decade. Most of these studies use corruption perception data to assess corruption levels across countries. Many surveys ask businesspeople, citizens, analysts and others to estimate the amount of corruption in countries (defined in terms of the 'abuse of power for personal gains') and these data are combined into indexes. Most often data from Transparency International or the World Bank (Kaufmann et al. 2007) are used.

4 I also immediately acknowledge that I lean on studies familiar to me, in particular the work of a number of esteemed VU colleagues.

5 Treisman (2000) with 891 hits on Google scholar and Lambsdorff (1999) at a distance second with 163 hits (20-Jan-2009).

Based on his review of the wave of empirical studies in 2005, Lambsdorff concluded that corruption clearly correlates with a low Gross Domestic Product (GDP), income inequality, inflation, crime, policy distortions and lack of competition. The direction of causality for these indicators, however, is controversial. 'Corruption may cause these variables but is at the same time likely to be their consequence as well' (2005: 27).

The general idea is that countries can be trapped in a vicious circle where corruption lowers income, increases inequality, inflation, crime and policy distortions, and helps monopolies at the expense of competition. These developments in turn escalate corruption. Lambsdorff adds that not all empirical results were consistent with his expectations on the causes of corruption:

'For example, the disciplining and motivating effect of higher official wages was found to be rather limited. Also the impact of colonialism on corruption was ambiguous. Press freedom and the (de facto) independence of the judiciary and prosecutors appeared to be important elements in reducing corruption. Increased corruption also resulted from complicated regulation of market entry and tariffs. Corruption was found to increase with the abundance of natural resources and with the distance to the major trading centers. However, these two latter results provide no direction for reform. The same is largely true of cultural dimensions. In particular, a mentality of accepting hierarchies was found to increase corruption.

Democracy obtained the expected positive impact on absence of corruption. However, this impact was more complex. Only countries with high levels of democracy, or electoral systems with high rates of participation, are able to reduce corruption. Medium levels of democracy can even increase corruption. The effect of democracy is also not immediate but takes decades rather than years. Thus, democracy reduces corruption in the long run, but not the lukewarm type of democracy' (2005: 27).

Another central scholar in this field, Daniel Treisman, reflected on the state of the art in 2007 in 'What Have We Learned About the Causes of Corruption from Ten Years of Cross-National Empirical Research?' Treisman reviewed the efforts by political scientists and economists to explain cross-national variations in corruption using subjective ratings, and examined the robustness of reported findings (2007: 241):

'We now know that states are perceived by business people and their citizens to be less corrupt if they are highly developed, long-established liberal democracies, with a free and widely read press, a high share of women in government, and a long record of openness to international trade. Countries are perceived to be more corrupt if they depend on fuel exports, have intrusive business regulations, and suffer from unpredictable inflation.'

But like Lambsdorff, Treisman is skeptical about the causality of the relationships. We cannot reliably say that most of these factors *cause* corruption perceptions to be high or low, he states, although evidence of this is strongest for economic development. Very important is that Treisman compares perception data on corruption with information on actual experiences of corruption. The United Nations Crime Victims' survey, the World Business Environment Survey and Transparency International Global Corruption Barometer, for ex-

ample, offer measures of how frequently citizens or business people encounter demands for bribes in different countries. Treisman concludes (2007: 211):

'Quite strong evidence suggests that highly developed, long-established liberal democracies, with a free and widely read press, a high share of women in government, and a history of openness to trade, are perceived as less corrupt. Countries that depend on fuel exports or have intrusive business regulations and unpredictable inflation are judged more corrupt. Although the causal direction is usually unclear, instrumenting with income as of 1700 suggests higher development does cause lower perceived corruption. However, controlling for income, most factors that predict perceived corruption do not correlate with recently available measures of actual corruption experiences (based on surveys of business people and citizens that ask whether they have been expected to pay bribes recently). Reported corruption experiences correlate with lower development, and possibly with dependence on fuel exports, lower trade openness, and more intrusive regulations. The subjective data may reflect opinion rather than experience, and future research could usefully focus on experience-based indicators.'

Meso and Micro Studies of Corruption

Many studies on corruption and integrity at the meso and micro levels also pay attention to the causes of corruption. To illustrate the line of reasoning and empirical results, I will summarize a number of studies of the VU research group Integrity of Governance that address the relationship between cases of corruption and characteristics of the involved individuals and organization(s).

Lasthuizen (2008) investigated the relationship between leadership and integrity violations in organizations via empirical work within a Dutch police force. The research defined, conceptualized, and empirically operationalized distinct notions of (ethical) leadership and integrity violation types, as well as the mediating factors of ethical culture and moral judgment. Corruption appeared to be a complex as well as very partial phenomenon among the integrity violations the police is confronted with (Table 2). Corruption and fraud in terms of bribing, favoritism (by supervisors and employees), fraud and theft, and conflicts of interests were distinguished.

One finding was that the respondents perceived most types of integrity violations seldom occurred in the direct work environment and judged them unacceptable practices. However, the responses also suggested that favoritism by supervisors, fraud, indecent treatment of colleagues and customers, and waste and abuse may be more widespread, an observation that, for fraud, coincides with a milder moral judgment (i.e., fewer respondents find this violation unacceptable).

Table 2: Moral Judgments on and Observed Frequency of Integrity Violations in the Police

Types of integrity violations	Observed frequency percentage "never"	Acceptability percentage "never acceptable"
Corruption: bribing	96%	98%
Corruption: favoritism by supervisors	51%	64%
Corruption: favoritism by employees	80%	78%
Fraud	25%	25%
Theft	82%	96%
Conflict of interest through gifts	72%	60%
Conflict of interest through jobs	83%	57%
Improper use of authority	78%	83%
Misuse and manipulation of information	84%	89%
Discrimination against colleagues	85%	96%
Sexual harassment of colleagues	92%	99%
Indecent treatment of colleagues	54%	72%
Indecent treatment of customers	58%	80%
Waste and abuse	60%	85%
Private time misconduct	73%	71%

What caused these integrity violations? Lasthuizen focused on leadership types as possible causes or explanations of what went wrong. She concluded that, contrary to the assumptions prevalent in the literature, leadership is neither a Eureka concept nor a panacea. Rather, the influence of the relationship between leadership and the incidence and prevalence of integrity violations primarily works indirectly through the ethical culture and employee moral judgments. Only a few *direct* effects were established. Specifically, positive direct effects (i.e., the limiting of integrity violations) were found for inspirational leadership on favoritism by supervisors; and for role-modeling leadership on bribing, favoritism by supervisors, and private time misconduct. However, negative direct effects (i.e., the allowing of integrity violations) were observed for passive leadership on waste and abuse, for integrity-focused leadership on discrimination against colleagues, and for unethical leadership on favoritism by supervisors and manipulation and misuse of information.

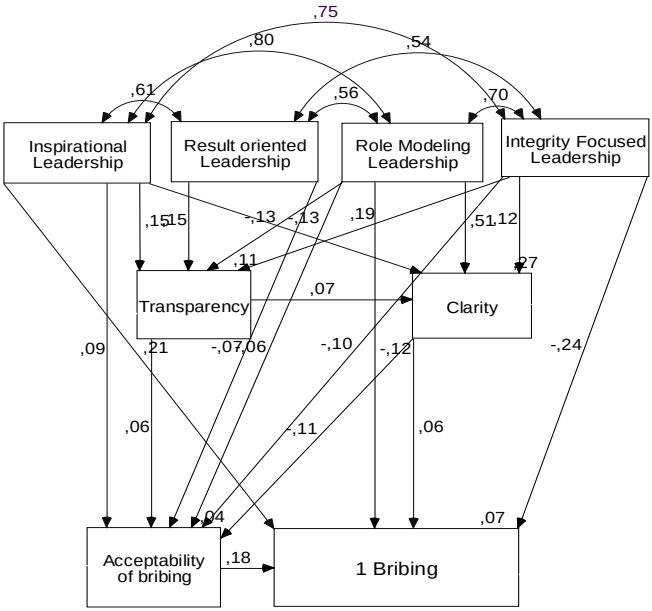
Employee moral judgment appeared to be an important factor for limiting the incidence and prevalence of integrity violations. If employees find a specific type of integrity violation unacceptable, fewer integrity violations of that type will occur. Employee moral judgments can be influenced by the ethical leadership styles of role-modeling and integrity-focused leadership. Lasthuizen presented AMOS models to illustrate the various indirect paths along which these total effects were reached (dependent on type of integrity violation). Figure 2 presents the results on bribing.[6] The arrows represent the effect of the independent and intermediate variables on the dependent vari-

6 Covariances were permitted between all leadership styles, as the correlational analysis has shown that the leadership styles intercorrelate significantly.

able, while the numbers represent the effect size; only significant standardized betas are included.

To summarize: inspirational leadership causes bribing to be more (!) prominent; result-oriented leadership is much less influential; role modeling and integrity-focused leadership help to limit bribing.

Figure 2: Leadership Styles and Bribing



Nature of Corruption

Another example of a study on the causes of corruption at the meso and micro levels is De Graaf's work on the nature of corruption in the Netherlands. The project was part of a broader study on corruption (Huberts/Nelen 2005). Definitionally, 'public officials are corrupt when they act (or fail to act) as a result of receiving personal rewards from interested outside parties'. De Graaf studied ten Dutch corruption cases in depth (De Graaf/Huberts 2008). The confidential criminal case files, which included taped telephone conversations, official reports, suspect interrogations, and witness interviews, were studied thoroughly along with all available public sources such as newspaper articles and court records. Fifteen interviews were held with the respective case detectives and their superiors to glean as much as possible about the accused officials and their organizational context. Where possible, the propositions were compared with existing literature on the nature of corruption.

The research findings on the nature of corruption derived from the ten cases concerned (1) the individual corrupt official, (2) his or her organizational context, and (3) the relationship between the briber and corrupt official (De Graaf/Huberts 2008). Among the conclusions and propositions were:

1. Next to material gain, the most important motives for officials to become corrupt are friendship (or love), status, and making an impression on colleagues and friends.
2. Officials 'slide' toward corruption; most processes of becoming corrupt can be considered a slippery slope.
3. Corruption rarely evolves from personal problems – financial, for example – of the official. In no case studied here was there a conscious cost-benefit calculation as to whether to accept bribes or not. In almost every case, the process of becoming corrupt can be characterized as a gradual one, a slippery slope.
4. Often, corrupt officials have dominant and strong personalities, know how to 'get things done', take or get the freedom to do things independently, and overstep formal boundaries of authority. The more the public official is a 'business type', the higher the risk of corruption.
5. In most corruption cases, supervision of the corrupt official is not strong. In each of the criminal files of the ten cases, complaints were found about the direct superior's or the organization's executives' failing to supervise the corrupt official.
6. In most corruption cases, management had not promoted a clear integrity policy. Integrity was not an issue.
7. Because of loyalty and solidarity, colleagues are hesitant to report suspicions of another's corrupt activities. Signals of something 'irregular' surfaced before the corruption case was discovered; the signals, however, were not properly handled.
8. The relationship between briber and the official is most often enduring. The firmness of the relationships between the corrupt officials and their bribers is notable.
9. Corrupt officials, including those who operate external 'corrupt networks', do not limit their corruption to one incident.

Bad Apples, Bad Barrels

Whether misbehavior and corruption is more a function of bad apples (personal characteristics) or bad barrels (organizational and societal variables) is constantly debated in the literature. The evidence of the sketched multiple case-study supports the argument of many social researchers (cf. Kish-Gephart et al. 2010; Vardi/Weitz 2004) that (1) neither the individual nor the organizational perspectives fully explain corruption, and (2) integrative explanations are the most useful to explain corrupt behavior (De Graaf 2007).

So we need the combination of meso and micro, but what about macro? The studies presented in the previous paragraph illuminated the importance

of macro characteristics (as wealth, culture, democracy and the judicial system) for the amount of corruption in a country. Should the metaphor of bad apples and bad barrels be systematically completed by paying attention to *bad trees* and *bad orchards?*

6. Conclusion and Discussion

Let me open for discussion and future research a number of concluding observations on a possible multi-approach in the study (of the causes) of corruption.

1. Reflection about the causes of corruption should start with a definition of corruption.
We can work with many interpretations of the phenomenon, but clarity is crucial. In this chapter, corruption was defined in terms of private profit from public power. Corruption then includes types of behavior such as bribing, favoritism, fraud, and conflict of interest.

2. Explaining corruption demands being explicit about the explanandum.
When the definition of corruption used is clear (private profit for public power), it is also important to be specific about the explanandum. What 'effect' are we trying to explain? Are we interested in the causes of one specific corruption case? Do we want to know what caused individual X, organization Y, or party Z to become corrupt? Or is our interest more general, looking for what causes individuals, organizations, parties, policy sectors, countries to become corrupt? And if so, what type of corruption is the explanandum? Is the focus on 'grand corruption' by elites in politics and administration (Moody Stuart 1997) or 'petty corruption' by street-level bureaucrats?

The answers will vary with the chosen research question, including the selected 'effect'. When a police officer falls in love with a criminal, and 'exchanges' confidential information for love, the cause of the case clearly has to do with that characteristic. No love, no corruption. It is also clear, however, that love is much less important to a more general explanation of the corruption of individuals (let alone organizations and countries).

It is worthwhile to explain all types of corruption (cases). The more specific to the more general can be the topic of our research, but they require different frameworks of (micro, meso, and macro) factors that might be causally relevant.

3. Reflecting on the cause of corruption (of a person, case, organization, sector, country) presupposes taking into account a multitude of factors on different levels.
A starting point for theoretical progress should be that all actual *specific cases* of corruption are related to micro, meso, and macro level characteristics and circumstances or causes.

Even in the most specific cases of individual corruption, the influence of multi-level causes can easily be recognized. Research has shown the importance of the lack of supervision and the absence of integrity policies, clearly meso in character, but they will depend heavily on macro characteristics. In the Netherlands, for example, government organizations are obliged by law to formulate and evaluate integrity policies. On the opposite side of the spectrum, macro studies on the level of corruption in countries include variables such as the salaries of public servants and the percentage of women in government.

Additionally we have to realize that all analyses of corruption will thus have to take into account the interrelatedness of causal factors at different levels. When we reflect on the causes of a specific case, the organizational context matters (structure, culture, leadership, policy) as well the broader societal context, including the public's moral values and norms. These factors or causes are, of course, also related.

4. Conglomerates of factors matter at all levels, but not all factors matter. Reflecting on the cause of corruption presupposes an idea of the necessary or most influential factors among a collection of conditions that appear to be leading to corruption.

It is easy to state that 'factors at all levels matter', but how can we prevent getting lost in a complex mix of multi-level causes of corruption amidst an infinite number of potentially relevant aspects and characteristics at the micro, meso, and macro levels (and their interrelationships). Selection is inevitable. What among the many relevant factors is really necessary in an ever-complex context with many contributing factors?

Theories can provide information and expectations about the causes as well as the causal mechanism (how cause brings about effect). Many chapters in this book show how a theoretical framework can lead to a number of possibly relevant causes (leaving out many others). The specificity is understandable; it brings focus and understanding. The offered explanations, however, are often limited.

Another line of reasoning takes the results from empirical work as a starting point to come to the conglomerate of factors to take into account. Results are collected, analyzed and combined, and detached from their theoretical embeddings. This might lead to conclusions and hypotheses to be tested in further research. This eclectic approach may start at the different analytical levels, micro-meso-macro, as I try in the brief summary of factors that follows. A next step should concentrate on establishing a framework that explicitly relates factors proven to be significant at the personal, group, organizational, and national levels.

5. What matters: individual and micro.

At the individual and personal levels several characteristics are important. The studies presented and existing multi-level frameworks have shown that

character matters: strong personalities receive more bribes. Emotion can be crucial too: falling in love makes us vulnerable. Neither can the economic circumstances of the (public) functionary be ignored. If corruption is the only strategy of 'economic survival', the result seems obvious unless the dependency is contradicted by his or her personal and group values. These values are directly related to the functionary's general ideas about being treated right or wrong (in the organization and in society). The resulting view on the acceptability of unethical behavior (including corruption) is an important intermediary factor explaining the resulting behavior.

6. What matters: work, group, organization, meso.

The type of work matters, which is often related to characteristics of the organization. At the group and organizational level the behavior and opinions of direct colleagues and supervisors are influential as well as the content of the job in terms of the power to decide about others. Discretion is conditional to deciding because of inappropriate interests. This is directly related to the type of function, the type of (durable) contacts with the outside world and the embeddedness in a stable trustful network.

Within the organization important causes of corruption are lack of control and supervision, failing (ethical) leadership, and a culture with values and norms justifying or even demanding corruption. Failing policy on corruption and integrity matters as well.

7. What matters: system, country, macro.

At the country level crucial factors seem to be the level and stability of economic (under)development, the dependency on (fuel) exports, the relationship between state and business, the social norms and values (perceived fairness of the system), characteristics of the system of democratic accountability (including press freedom and citizen participation) and, importantly, the strength of the judicial system. Of course, these interrelate with factors mentioned that cause corruption at the individual and group levels.

8. Multi-types of causes.

Table 3 summarizes important individual, organizational and system factors, which without exception belong to the agenda of the broad community of researchers dealing with the causes of corruption. The framework nonetheless sends a message to the many researchers involved in studying a limited segment of it.

Table 3: Multi-Types of Corruption Causes

Individual
Character/personality, private economic circumstances, personal values (moral judgment), emotions, discontent

Individual and work-related
Type of work, colleagues, relationships and (trustful) network, discretion, operational leader(ship)

Organizational
- Structure: lacking control/supervision, separation of responsibilities, discretion
- Culture: goals/mission, values and norms (informal and formal) on corruption, ethics
- Policies: integrity policy, reward system
- Failing leadership: operational, strategic

Environmental
Economic (high-low income; openness and trade)
Political-administrative (state-business, politics-bureaucracy)
Judicial (the system, rule of law)
Societal (norms and values, feelings of injustice, crime)

9. Multi-approach.

The real challenge results from the necessity to build theories that combine the many multi-level factors in an interconnected framework for understanding corruption. Let me end with the presentation of a very preliminary explanatory framework of the types of causes of corruption.

Corruption in *countries* is first related to political, economic, and social macro circumstances with, at the core, the idea that the amount of corruption in a country will depend on the perceived fairness of the existing polity, economy, and society. When parts of the population do not get their 'fair' share of the benefits in terms of power and wealth, private profit from public power becomes a justifiable way of life. This is true for countries poor and rich. The idea of fairness might be expected to coincide with the morals of citizens, including their views on the acceptability of corrupt behavior.

Not all organizations and individuals will become corrupt, however; what they do is influenced by the macro social, economic, and political context. Organizational and individual factors also matter.

Political and bureaucratic corruption can be limited or stimulated by meso factors. The closer the *organizational* relationships between politicians and bureaucrats and between those functionaries and business, the higher the public corruption and the more corrupt the country. One aspect of the relationship is organizations and sectors having something 'to offer' (business sectors such as fuel and construction seem important). Another is what the organizational policy and leadership in words and deeds signal to the *individual* and the group about the acceptability of corruption. If corruption is accepted practice throughout the organization, the individual or group cannot be expected to behave differently. However, having leaders and policies express the importance of ethics and integrity is no guarantee for similar micro behavior. Some will still become corrupt because of private circumstances

(love, finances), character and values (personal motives and views on corruption), and opportunity (risk of discovery, sanctions expected as well as work discretion and nature of the services). Being dissatisfied with the organization seems very important in this respect.

Many individual and organizational factors are also characteristics of the macro or country level. A country's culture can be more or less individualistic, repressive, or tolerant; a country's systems of political, bureaucratic, private, and business organizations can be more or less interconnected and tight, rely more or less on compliance and sanctions or on integrity and values, give employees more or less discretion, and so on. Research on the corruptness of countries often ignores such types of 'macro' characteristics, which is a pity. In that sense, the criticism of many micro-meso researchers that macro researchers ignore the 'real' context of actual corruption (cases) is correct. We need to become more sensitive to consequences of multi-level interplay on the research that is done.

However, this is also true for the criticasters. When micro-meso researchers picture the causes of a specific corruption case, they often ignore the broader macro context. Politics, culture, economics do matter and are often reflected in a specific 'context' of behavior. What we lack are comparative case studies in different countries on the amount and character of corruption. Micro studies are too 'local'; macro studies too monotonous in the variables studied.

The interrelationship between causes at different levels will have to be explored further. To conclude this chapter, I summarize a first general idea for the direction of that exploration. Each level of analysis seems to have some very specific factors, causes, conditions, or variables but a number of related areas could be given more attention. Table 4 summarizes the argument.

Table 4: Multi-Approach for Further Research

Type of factor Level	Culture Values	Economics	Political / organization	Policy: compliance and integrity	Injustice Discontent	Other factors
Macro / national	social values culture	economic situation	state-business politics-administration politics-society (networks)	judicial system; law; integrity policy	feelings of injustice social discontent	crime
Meso / organizational	organizational values, culture	reward system	control system job discretion leadership	norms and sanctions leadership integrity policy	discontent in organization reward system	policy sector
Micro / individual	personal values, moral judgment	personal financial situation	relationships (internal, external) type of work	moral judgment risk of punishment	individual discontent and frustration (society, work, job)	character emotions

Individual character, personality, and emotions seem rather specific but may be related to the broader culture. The personal *values* and moral judgment are almost by definition related to and influenced by organizational and social values and the same is apparent for the personal *economic* or financial situation, the organizational reward system, and the state of the economy. Factors stemming from the *political and organizational* structure also find their counterparts in characteristics as the relationships at work and the amount of discretion of the individual (and the group). Very important and under researched is the relationship between feelings of injustice and *frustration* at the different levels.

Two last additional remarks are important. First, the mechanisms and conditions causing corruption should of course not be limited to the columns in the table. Values and culture, economics, politics and social structure are interrelated and causes of corruption will entail different dimensions.

Second, the selection of types of factors obviously depends on the specific question that we are trying to answer. The explanation of an individual case of corruption asks for another set of factors than the explanation of the amount of corruption of a country. What the Multi Approach adds is the need for more sensitivity concerning the multi-level and multi-factor character of causal relationships. A more comprehensive framework might contribute to our understanding of the complex corruption phenomenon as well as help to connect the different approaches sketched in this book.

Chapter 10:
Concepts, Causes, and the Neglected Third Party: the Victim of Corruption

Gjalt de Graaf, Patrick von Maravic, and Pieter Wagenaar

1. Introduction

Corruption: we all have an idea about what it is, and we all have more or less experience with it. It is an object of research that inspires numerous – and diverse, as this book manifestly proves – academic endeavors. While many may have known that the concept of corruption is essentially contested and its definitions various, *The Good Cause* shows that the differences in academia travel farther and deeper than the differences in definition. Within different discourses specific ideas exist on what the research questions are, what they should be, and how knowledge on corruption can be gained. In other words, the differences are not only on the level of what the object of research is or should be; the epistemologies within *The Good Cause* differ profoundly. One example would be 'empirical studies'. In institutional economics it translates primarily to employing a range of clever devices to generate quantitative estimates, but in criminological studies it means studying actual corruption cases – two entirely different interpretations within the same area of research. The reason for the epistemological differences has also become clear: the underlying ontologies are different. In some areas of corruption research – the Rose-Ackerman chapter for example – the ontology is not part of the (mostly positivist) research; in other areas, like the Hiller, and the De Graaf, Wagenaar, and Hoenderboom chapters, it is. In a sense, therefore, corruption research reflects social science research in general. It demonstrates how research in the social sciences and humanities differs from the beta sciences where paradigm shifts take place, but not many paradigms exist at the same time. Collier (Collier 2002) is right when he states that an interdisciplinary theory on the causes of corruption never emerged. He is also right when he claims that it is because corrupt behavior is extremely complex social behavior – but even that is only the beginning of the explanation. Corruption research attracts people whose ideas on what the social world is are so fundamentally different that a new interdisciplinary approach is not likely to emerge. It is worth noting here that the various approaches' units of analysis also differ widely, a detail discussed later in the chapter.

Beyond the definitions, methodologies, epistemologies, and ontologies, the concept of 'causes' also varies profoundly. In the introduction we discussed the philosophy of causality, in which we can distinguish epistemo-

logical and ontological traditions (Schinkel 2004). Here we can say on a practical level that what some call 'causes' of corruption others describe as 'contributing factors', 'motives', or 'enhancing circumstances'. And in many cases it is perhaps better to speak of studies trying to 'understand' corruption rather than to 'explain' it (compare Weber 1921). Rose-Ackerman points out that in most economical studies the consequences of corruption are difficult to distinguish from the causes; the causal arrow appears to be bi-directional. In sum (and unsurprisingly), because the differences in approaches are great, so are the differences in the book's chapters.

Whereas different paradigms in the beta sciences lead to conflicts until one is 'proven right', in *The Good Cause*, we find a kind of stalemate. On one side are *universalists*, who work with a definition of corruption they assume to be the same everywhere in the world; on the other are *particularists*, who have no specific definition of corruption, expect that corruption definitions can differ widely between cultures or social groups, and find benefit in studying the differences. In the next section we discuss the differences between the approaches, and follow with sections on their similarities. We conclude by pointing at blind spots in existing corruption research and discussing the (im)possibility of finding an ultimate remedy.

2. Understanding and Researching Corruption

Weberian approaches use ideal-type guided research, comparative, and historical research. Causes of corruption are located in the wider context of a specific form of domination and personal rulership (cf. Rubinstein/von Maravić, this volume). An explicit understanding and legally-sanctioned definition of corruption comes into existence with the separation of private household and public office, which occurs with the rise of a bureaucratic system; the legal-rational system is dominated by an explicit rule system that sanctions the use of public power for private means. The unit of analysis is the system of governance. Corruption occurs when one system slowly makes way for another.

F.W. Riggs's theory is Weberian in the sense that corruption is typical of a developing society, especially in his use of ideal types, but he veers off from Weber by taking a structural-functionalist approach. According to Riggs, societies consist of structures with functions. 'Fused' societies have very few structures, each of which fulfills many functions. 'Diffracted' societies are the opposite, i.e., they have many structures fulfilling few functions each. Corruption occurs in the intermediate stage of development – in the 'prismatic' society – from the friction between the fused and diffracted logic. Riggs then explains the peculiar logic of such prismatic societies and shows how fused practices are often hidden behind diffracted facades.

In terms of institutional economics, corruption occurs where private wealth and public power overlap; institutional frameworks determine the na-

ture and the extent of its opportunities. The units of analysis can be countries, organizations or individuals, even though economic theory is poorly equipped to explain variation across individuals who face the same structural incentives. Preferred research techniques are survey methods and experiments.

The multi-approach by definition uses a multitude of levels, analyses, and all possible research methods. Beginning with one (classic) definition of corruption – the abuse of (public) authority for private benefit – it is the most comprehensive attempt of all the approaches in this book to arrive at an interdisciplinary framework. At the country level, for example, corruption is related to political, economic, and social macro circumstances. This framework observes causes of corruption at all possible levels.

Systems theory has a very distinct approach. Corruption is seen as the linkage of different horizons of meaning in social communication. The research question stemming from it is how the linkages of meaning come about. Corruption arises when organizations (networks, groups, individuals) assigned to particular functional contexts fail to uphold the appropriate functional logic in their decisions. How is the corruption observed? By whom? – These are the possible research questions with which to start. We can think of studying the structural conditions that must be observed for a phenomenon to become the subject of a moral discourse and for corruption to be potentially labeled reprehensible.

Institutional design looks primarily at meso and macro levels. Differences between regimes represent different sets of institutions that may (or may not) be able to constrain behavior. The concept of corruption captures behavior that is beyond the pale of what is commonly accepted in industrialized democracies; behavior that undermines fairness and probity in governing makes it apparent to the public that appropriate standards of integrity are not being followed by public officials. Some doubts remain about the relevance of macro-level political structures for explaining corruption: the basic outcome of Peters' analysis in this book is that any simple understanding of institutions as structures or rule systems is incapable of shedding much light on the likelihood of good governance. According to Peters so much difference exists between the regime types that making predictions is next to impossible. The causal linkage between institutional structures and the behavior of individuals within them is so attenuated that attempting to explain corruption on an individual level is difficult.

De Graaf, Wagenaar, and Hoenderboom state that, from a constructivist perspective, any interpretation of corruption and its causes is contestable. Some overlap with the Hiller chapter is clear. Their unit of analysis is discourse, not (corrupt) agents on the individual level, and they study the effects of texts on other texts. Included in this approach are historical and genealogical studies that illustrate how discourses on corruption are always socially and historically constructed.

Criminological approaches look at corruption as deviating from legal standards. Several criminological theories exist, but most employ three elements at three levels: motivation, opportunity, and control at the individual, organizational, and environmental levels. Units of analysis are both individuals and organizations, sometimes even the state. The empirical studies in this approach turn out to be unexpectedly limited, dealing mostly with the role of organized crime in corruption. Data used for research are partly produced by law enforcement agencies and gathered directly from offenders or victims. Most corruption research in criminology is thus qualitative in the form of interviews, participant observation, and case-studies.

3. Corruption and Morality

One of the similarities in the different academic discourses that struck us is the agreement that corruption, both conceptually and empirically, has a clear moral connotation. Rose-Ackerman for example points out that where some institutional economists claim to be purely positive, their analyses also contain normative aspects. Hiller writes that the social observation of corruption is a matter of moral communication. All researchers, regardless of their approach, seem to agree that the phenomenon they study is part of a moral discourse. De Graaf, Wagenaar, and Hoenderboom point out that by describing discourse on corruption, moral aspects come to the fore. Hiller even goes so far as to state that the moral observation of corruption is one of the most exciting areas of corruption research.

Moral norms change over time and place, but corruption – whatever it is – is always considered reprehensible. People disagree about the norms that determine whether someone is corrupt, not about the concept's reprehensiveness. Anyone labeled 'corrupt' is judged in a morally negative way. Corruption is therefore morally loaded – like 'integrity', but with an opposite moral loading. In the De Graaf, Wagenaar, and Hoenderboom chapter attention is drawn to the consequences of being so labeled. Several Dutch civil servants convicted for corruption in a court of law admitted they did something wrong, but denied being 'corrupt'. As Hiller quotes Fleck and Kuzmicks (1985: 7): '*what* is considered morally reprehensible and *whether* certain behavior is considered in this way varies from time to time (and from place to place), but *the fact that* attributing the label is equivalent to an evaluation is as good as unaffected by social change.'

Officials can also be certain 'degrees' of corrupt. A public official illicitly receiving €5000 is 'more' corrupt than one receiving €500. And, research shows, people regard a police officer who *asks* for €20 from a driver to overlook a speeding ticket as being more corrupt than one who accepts €20 when it is offered to him. A comparison of research on public attitudes towards corruption concludes:

'Over and over, the research found that respondents judged elected officials more severely than they judged appointed officials; judges more severely than police officers; bribery and extortion more harshly than conflict of interest, campaign contribution, and patronage; and harmful behavior more harshly than petty behavior" (Malec 1993: 16).

The authors of *The Good Cause* differ on how to deal with morality surrounding corruption. Some start out with a corruption definition, which means presupposing a clear boundary between right and wrong; others believe such boundaries vary with cultures. De Zwart points out that in Riggs's view, the principles and techniques of modern public administration reflect the normative structure of Western societies. Corruption is even defined as normlessness. But of course then the relevant norms become important (cf. Huberts, this volume). Transplanted to another culture, Western corruption is still morally wrong in Western eyes, but not in a different normative structure. De Zwart points to the basic problem of moral relativism: to deny it is cultural imperialism, but to accept is to 'tolerate barbarity and atrocity in those cultures. Damned if we do and damned if we don't – either way the prospects are bleak' (Aya 2004: 31). This is similar to Rose-Ackerman's pointing out that the meaning of 'misuse' may indeed vary across cultures.

4. Public Corruption and the Outside World

We have noted that in most approaches the relationship between public and private is important. Most speak of corruption as abuse of public power and in doing so make a public-private distinction. Collusive public-private relationships also contribute to corruption. Huisman and Vande Walle ask whether the legal definition of corruption encompasses the socially injurious relations between companies. We can ask the same about non-legal definitions.

What we see in many chapters – the one on criminology, for example – is that close relations between private and public partners contribute to certain forms of corruption. Huisman and Vande Walle: 'In comparing lobbying and corruption *Campos and Giovanni* have suggested that legal mechanisms such as lobbying are preferred in rich countries while companies in poor countries have to rely on corruption' (Campos/Giovanni 2006). Huisman and Vande Walle point to Shichor and Geis whose survey on transnational bribery confirmed that businessmen often escape disapproval: people think accepting a bribe is worse than offering a bribe (Shichor/Geis 2007). One explanation for this underestimation is that criminologists for a long time have shown restraint in interfering with private enterprises. The same seems to hold for most other approaches. For example, Peters points to clientelism, in which a powerful patron provides his clients favors in exchange for political support (see also Rubinstein/von Maravić, this volume). Both Rose-Ackerman and Peters wonder where 'pork barreling' ends and corruption begins.

At present the relations between public and private organizations in most countries are rapidly changing because of developments like New Public Management, privatization, outsourcing, hybridization, and public-private partnerships. Do the increasingly blurred boundaries between public and private sectors mean that we can expect more corruption in the future (see Doig 1995, 1997, 1998; Erlingsson et al. 2008; Kolthoff et al. 2007; von Maravić/Reichard 2003; von Maravić 2007)? And what are the consequences for corruption studies? After all, most approaches use the public-private distinction to make the corruption concept clear, instead of victims, and most look differently at corruption in public versus private organizations. Thus when the sectors get blurred, the concept changes meaning and, in turn, influences future research endeavors.

5. Fighting Corruption: Now What?

Different approaches come with different solutions. Weber was interested in how legitimate political and economic order is created and maintained. His work illustrates how a society effectively restrains certain forms of behavior and encourages others. The metaphor of the 'iron cage' implies that corruption occurs when the system of legal-rational dominance is not yet complete; loopholes remain for the bureaucrat's private motives. In other words, the distinction between the private-public role is not clearly delineated, offering a gateway for deviating behavior that could stem from inexplicit rules, suboptimal methods of sanctioning and supervision, an inferior system of recruitment, or an organizational ethos that has not been fully penetrated by the official structure. A Weberian approach to fighting corruption would therefore focus on the separation of the public-private domain, the formalization of rules, and a clear public office ethos. This collectivist vision (Hood 2000: 73-97; du Gay 2000: 1-13, 136-148) clashes, however, with the global *Zeitgeist* of privatizing public functions, deregulating, outsourcing, public-private partnerships, and other forms of hybrid governance.

Nor does the prismatic view in non-Western countries offer clear anti-corruption or prevention interventions. We either await normative change, or accept that administrations are corrupt. There is much skepticism – as with postmodern and system analytical accounts – about good governance programs and Western interventions promoted through institutions like the World Bank. We cannot transplant Western-designed administrative models and practices into a different normative order and expect them to function. And although De Zwart points to the work of Johnston, claiming, '[f]rom his work it follows that articulating group interests, stimulating politics, state formation, and bottom-up organizations can help the 'good government cause'', Rose-Ackerman points out that even documented damage from grand-corruption can escape the power or political will to be systematically

changed – another bleak picture. Institutional design does not come with clear, institutional or otherwise, recommendations on how to prevent corruption.

Then there are scholars who claim that deep historical factors are the determinants of corruption and that countries cannot escape their history. The important issue from a policy perspective is whether the factors contributing to corruption are exogenous or whether people react to others' behavior. As with every academic approach, institutional economics wants to address what it sees as the underlying conditions (factors, causes, incentives) that create corrupt incidents, meaning promoting incentive-based policy responses like rearranging the rewards and costs of honest and corrupt behavior. Yet,

> '[c]lever technical solutions, based on economic incentives, may not be enough. If corruption is one of the pillars supporting a political system, it cannot be substantially reduced unless an alternative source of revenue replaces it. Powerful groups that lose one source of patronage will search for another vulnerable sector. Strong moral leadership is necessary but not sufficient. Tough political and policy choices need to be faced squarely' (cf. Rose-Ackerman, this volume).

Hiller concludes that differentiation theory cannot lead to recommendations on how to combat corruption. Huisman and Vande Walle emphasize the importance of leadership in ethical conduct and corruption prevention. No chapter disputes this; in fact, every approach that looks at organizational-level culture makes this point.

Post-positivist students of corruption are also careful with recommending remedies for corruption. They point to the problem of interpretations of corruption and the negative side effects of a corruption fight. What they do have to offer, however, is reflection.

Collier wrote (2002: 2): 'Additionally, my analysis demonstrates that the corruption phenomenon is so complex that it can only be addressed through grassroots changes in a state's political, economic, and cultural institutions – changes that are not only technical but also social in nature'. Indeed, no *Good Cause* author disagrees with that or suggests catching and punishing 'rotten apples'. A conclusion of this book is, however, that agreeing on 'cause' is impossible, let alone *a* or *the* cause of corruption – a problem if we want to conclude with ideas on how to fight it. The many remedies named in this book are helpful in the sense they can better the design of organizations and influence cultures in such a way that it lessens corruption. Even so, De Graaf, Wagenaar, and Hoenderboom warn us about unintended consequences.

Another problem is that the literature suggests many such devices, but which works under what circumstances at how much of a cost is unclear. When is a certain type of leadership important? How do we make sure public ethos continues to support traditional public values? Since these theories do not offer a premise on the cause(s) of corruption and are based on general research and broad correlations, they do not say much about contingency, which is so important for social research – especially corruption research be-

cause of its complexity. This is an important point made by Anechiarico and Jacobs (1996) in their comprehensive classic study in New York City. The authors documented and analyzed the manifold liabilities of a vast range of corruption control projects. They showed how corruption control mechanisms, which might make sense when based on general research, might not work in a specific context. 'You name the anticorruption reform, the authors point out its severe organizational liabilities' (Silverman 1998: 182). And how do we fill the gap noted by Van Hulten (2002: 182), who said that almost no empirical studies offer conclusions about which anti-corruption methods work under what circumstances? The literature currently offers much confusion. 'The right mix of corruption controls will undoubtedly differ from governmental unit and from agency to agency within the same governmental unit. Moreover, the optimal mix changes over time' (Anechiarico/Jacobs 1996: 198). It is safe to say we know next to nothing about which corruption controls are most efficient under different circumstances. Take, for example, the installment of 'integrity systems' proposed by Transparency International. Is it successful in preventing corruption? Perhaps. Gilman (2000) and Huberts (2000) seem to think so. Others, however (Anechiarico/Jacobs 1996; Brown 1999; Cooper 1998), disagree and would probably maintain that the programs would be ineffective at best.

The diversity of answers given by the authors in this book is a function of the empirical complexity of the phenomenon itself, different research foci, and various epistemological and ontological traditions. It is easy to lament the cacophony of corruption analyses and the non-unitary state of the social and behavioral sciences, but this does not help reduce corruption. We should abandon the idea of a 'scientific law' in the sense of Hempel and Oppenheim (1948: 152), one that has the quality of a 'true statement' and forever determines a 'treatment' for corruption.

We do not, however, propose to give up the effort to seek causal knowledge. Reflective causal knowledge is essential for decision makers to adapt to external challenges, especially to knowledge that indicates manipulable causes. Causality in the behavioral and social sciences also has a temporal dimension, which makes causal explanation highly dependent on context. If we are analytically and practically confronted with such a complex social phenomenon as corruption, and choose to reflect on it, perhaps the most important contribution of this book is to remind us that there *are* different ways of conceptualizing corruption and we have offered different pathways to reflect critically on our own approaches. We should always be aware that the type of analytical lens we choose determines what we will propose to do about corruption. We should avoid dangerous conceptual lock-ins and getting trapped in the Achilles' heel of each strategy. What some might call 'a bewildering cacophony' we see as desirable pluralism enriching the analytical toolbox for phenomena that cannot be ignored, are complex, and deserve complex answers. No more or less, at least for the moment, can we take for given.

What this book clearly shows is that every approach sees different problems with corruption and has different solutions. Relevant contingencies prohibit us from testing what works under what conditions. Finding one clear solution remains an illusion. After reading all the chapters, it becomes clear that the theoretical model chosen to a large degree determines the direction of the proposed solutions (cf. Peters, this volume). Different causal chains, or even ideas about causality, lead to different discourses on corruption prevention and corruption control. The logical consequence of multiple causes can only be multiple answers. But in what combination and what doses? As yet we do not know, and in the end it depends, despite all attempts to reach universal answers, on the single case and tailor-made solutions. What can be said from other fields in which institutional design plays a significant role – for instance, common-pool resource problems (Ostrom/Walker/Gardner 1994) or grid-group concept (Douglas 1970; cf. also Hood 2000) – is that sustainable institutional solutions depend on the combination of different institutional strategies – be they hierarchical, competitive, or trust-based – to overcome each one's inherent vulnerability.

Despite all this, we end with a strategy that might help in fighting corruption. The idea stems from the realization that most research approaches pay little attention to the victims of corruption except in a very general way, e.g., some corruption is related to underdevelopment and poverty, and the poor generally suffer the most. Little research exists on direct victims of specific corrupt relationships. Attention to the third party in a corrupt relationship, the 'end user' of corruption, is largely missing.

Several approaches mention that those involved in corruption deny doing or intending harm. Perpetrators try to avoid the concept of 'corruption' and thus disengage their actions from moral discourse. Part of a strategy to fight corruption is for corruption researchers, whatever their approach, to emphasize and highlight the moral aspects of corruption and corruption cases. Who, in the end, is the victim? What, precisely, is the harm? Identifying the victims and damage gives corruption a face and a voice. And we know from moral theory that victims who can be seen and heard receive attention.

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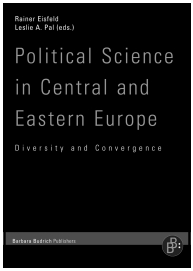

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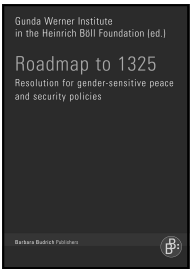

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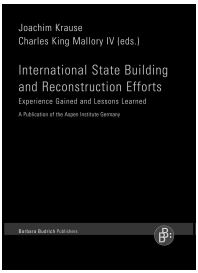

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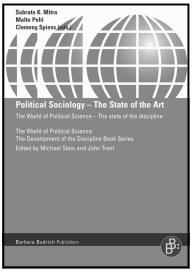

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