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Executive summary

Bo Rothstein, WP leader.

Corruption is what in the social sciences is known as an “essentially contested concept”. From the perspective of carrying in empirical research of what constitute successful anti-corruption policies this is certainly a problem. However, it should be underlined that the concept of corruption shares this problem with many, if not most, central concepts in the social sciences. To make this point, it should suffice to mention other central concepts like power, democracy, inequality, accountability, interest and representation, just to mention a few. Almost all things of interest in the world of social science are by definition “intangibles” since they mainly concern abstract principles or relations between agents and are therefore difficult to observe and measure.

One of the specific problems with the concept of corruption is that it can refer to transactions that are hugely different both in importance and in size. For example, the same concept is used when the traffic policeman receives a small sum for disregarding a violation of a speeding limit as well as when a high level government official receives a million Euro for securing a large public infrastructure contract to a private company. However, it should be noted that the social sciences share this problem with the natural sciences. Both a humming bird and an eagle are defined as birds.

The importance of conceptual precision in a policy oriented project about anti-corruption like this comes from the ambition to deliver results that can be of practical use for curbing various forms of malpractice in the public sector. The lack of conceptual precision of what should count as corruption and the opposite of corruption is not only a question of academic interest. Without conceptual precision, operationalization in order to find empirical measures becomes impossible and without being able to measure we cannot compare the level of corruption between societies or study changes over time. If so, we will not be able to analyze causality and then we will not be able to find out what may work as remedies for corruption.

The goals of this Work Package (WP) in the ANTICORRP consortium were stated as follows:
- Analyse the landscape of different conceptualisations of corruption and related concepts such as clientelism, patronage, particularism, state capture and patrimonialism.

- Analyse the conceptualisation of what is generally understood as the opposite to corruption such as good governance, universalism, impartiality, impersonal rule, rule of law and quality of government.

- Relate existing definitions of corruption and the opposite to corruption to various approaches in modern political philosophy about social justice, human rights and political equality.

- Describe the implications of various definitional/theoretical approaches considering their fruitfulness for empirical research and public policy.

- Provide the project with a harmonised taxonomy of the various definitional strategies of the above mentioned concepts that will be related to their implications for research and policy.

The six chapters in this report serve to answer these issues. The various conceptual strategies and theoretical results presented by this WP have also informed the more empirical parts of the project and the empirical work has of course also been important for the conceptual/theoretical issues. One example of this is the construction of the large-scale Pan-European survey on quality of government and corruption at national and regional levels (covering more than 84,000 persons in 212 regions) carried out by WP 5. The measures of corruption and other quality of government factors used in this central empirical part of the project are to a large extent built on the results from the theoretical conceptualizations presented in the first chapter in the report. Other examples of how the conceptualizations in this report have been (or are being) used in empirical research is WP 4 (The ethnographic study of corruption practices) as well as WP 9 (Organized crime and impact on vulnerable groups). Needless to say, other empirical parts of the project have (or are now) making use of the conceptualizations presented in this report. The various conceptual strategies presented in
this report have been presented and discussed with the more empirically oriented participants in the project at various meetings and workshops organized by the project. The WP has had joint sessions with WP 2 (History of corruption in a comparative perspective) and WP 3 (Corruption and governance improvement in global and continental perspectives) and outlines of the chapters in this report have also been sent to other researchers in the project for comments and discussion.

The common “conceptual narrative” from this report addresses a number of questions concerning various dimensions of the concept of corruption. These can be listed as:

1. **Should corruption be conceptualized as normative or as an empirical entity?** One of the central results from this WP is that a normative conceptualization is unavoidable. Corruption is closely linked to other central normative concepts that are dealt with in political and social philosophy such as fairness, justice, honesty and impartiality. Moreover, corruption is closely linked to other central concepts in the social science such as “good government” and “quality of government” (QoG) and it is impossible to use terms like “good” or “quality” without relating them to some norm(s). Secondly, several empirical results show that when people make up their minds of whether or not they find their governments legitimate, the way a state’s power is exercised turns out to be more important for them than their rights pertaining to the “access” side of the political system. Since perceptions of political legitimacy are inherently normative, we have to theorize this norm. A third reason for a normative definition of corruption is that if we look at countries that are judged to have low corruption, their political and legal institutions show remarkable variation. This implies that simply “exporting” these institutions to high corrupt countries will not work. The reason for this is not the specific (empirically existing) institutions that cause low corruption, but the basic norm under which they operate. This is an important result for all anti-corruption strategies.

2. **Is corruption to be understood as a universal or relativistic (culture bound) concept?** The development of the international “good governance” and anti-corruption
regime since the late 1990s has not been without its critiques. One point that has been stressed in this critique is that the international anti-corruption agenda represents a specific western liberal ideal that is not easily applicable to countries outside that part of the world. There are at least three arguments against this type of relativistic conceptual framework. The first is that if we would accept a relativistic definition of corruption or QoG, all efforts to make empirical comparisons between countries in different parts of the world are in vain. This is the problem with the standard definition of corruption as “abuse of public power for private gain”. Since the norm or principle that is “abused” is not specified, this definition is empty and thereby it invites relativistic notions of what corruption is. The second main argument against relativism in this area is normative and based on the similar discussion in the areas of human rights and democracy. First, the right not to be discriminated against by public authorities, the right not to have to pay bribes for what should be free public services and the right to get treated with “equal concern and respect” from the courts are in fact not very distant from what counts as universal human rights. The second reason against a relativistic definition of corruption is empirical. Although the empirical research in this area is not entirely unambiguous, most of it points to the quite surprising result that people in very different cultures seem to have a very similar notion of what should count as corruption. Survey results from regions in India and in Sub-Saharan Africa show that people in these societies take a very clear stand against corruption and understand the problem in the same manner as it is understood by for example organizations such as the World Bank and Transparency International. One way to understand why there seems to exist a universal understanding of what should count as corruption despite its enormous variation, both in types and frequency as well as location, is what could be labeled as a public goods approach. In all societies/cultures, in order to survive, all groups of people have had to produce at least a minimal set of public goods such as security measures, a basic infrastructure or organized/collective forms for the provision of food. The very nature of a good being “public” is that it is to be managed and distributed according to a principle that is very different from that of private goods. The public good principle implies that the good in question should not be distributed according to the private wishes of those who are given the responsibility
for managing them. When this principle for the management and distribution of public goods is broken by those entrusted with the responsibility for handling the public goods, the ones that are victimized see this as malpractice and/or as corruption. This is why corruption is a concept that is related to the political and not the private sphere and why it is different from (or a special case of) theft and breaches of trust in the private sector. Seen from this public goods perspective, a central result is that the opposite to corruption is when public goods are handled in accordance with the norm of impartiality. More precisely, the central result of this conceptualization of corruption is that the opposite to corruption should be defined in the following way: “When implementing laws and policies, government officials shall not take anything about the citizen or case into consideration that is not beforehand stipulated in the policy or the law”.

There are a number of other dimensions of the concept as well that have been addressed in this work package but these two are the most important. Among the other dimensions one can mention how to draw a line between organized crime and corruption, clientelism and corruption, democracy and corruption as well as if corruption should be a multi- or uni-dimensional concept. As the chapters in this report show, depending on how these questions are answered, various operationalization’s and measurement strategies will follow, that will have important consequences for the empirical research and thereby for the type, comparability, validity and reliability of results produced. Empirical researchers thus have to be aware that the conceptual strategy they use will seriously impact their ability to produce results that can be of practical use for combating corruption. Below are summaries of the six chapters of the final delivery from this Work Package.
“Corruption and the Opposite to Corruption: A Map of the Conceptual Landscape” by: Bo Rothstein and Aiysha Varraich

Corruption has been viewed through many lenses within the different academic disciplines, taking on different meanings along the way. As a result, corruption as a concept has effectively acquired a multidimensional character. In order to support our main contention of corruption as a multidimensional concept, this chapter first traces the evolution of corruption as a concept; establishing it to have been present within both politico-religious thought since Aristotle as well as pointing out the absence of a republican understanding of corruption within the literature. Second, we map the different conceptualisations of corruption over time, showing linkages between corruption and human rights and corruption-justice-impartiality that need further exploration, as well as define corruption as a universal concept. Finally, we utilise it as an umbrella concept that helps bring related concepts such as clientelism, patronage, patrimonialism, particularism and state capture onto one spatial field. This is done by separately defining each concept, followed by a comparison to corruption, in order to fully flesh out the nuances where the overlap between corruption and each concept occurs. This provides a bird’s eye view over the literature, enabling the reader to see the connections between the related concepts and the far stretching reach of corruption within academic research.

“Democratization and corruption: the state of the art” by: Bianca Vaz Mondo

This chapter discusses critically the main contributions of the literature on the relationship between democratization and corruption, focusing on the perspective of how the former is expected to affect the latter and highlighting the different hypotheses and empirical findings presented by the most relevant and recent scholarly work in this line of research. Additionally, the discussion introduced here refers to a number of conceptual issues that remain obscure in the existing literature, with regards to the concept of both corruption and democratization, but at the same time stressing the gaps related to the latter, as to complement other contributions of the report that more thoroughly explore the different conceptual approaches to corruption.

The literature surveyed and the analysis presented in the text illustrates some of the central issues of interest raised throughout the report. Firstly, the branch of the literature reviewed in
the main part of this section of the report is similarly concerned with the issue of comparability in the study of corruption. The impact of democratization on corruption is most often analyzed from a cross-national comparative perspective in the recent literature, and a universal concept of corruption is an essential foundation for studies of this nature. This is also an important matter for the less ubiquitous in-depth single-country studies examining the effects of democratization on corruption over longer periods of time, which have their contribution to the accumulated knowledge on this topic much potentialized by the possibility of later comparison with similar studies in other countries and contexts. Therefore, with regards to the discussion contrasting universal and relativistic perspectives on corruption, the topics addressed by this section of the report make a strong case for the former.

At the same time, it becomes clear that the study of the relationship between democratization and corruption is much negatively affected by the blurred boundaries between the two concepts and by their mutual normative character. In fact, the normative perspective argued for in this report with regards to the concept of corruption has great impact on the analysis of how democratization and corruption are associated, given that part of the normative foundation attributed to corruption is similarly linked to democratization (or democracy) in some of its broadest conceptions. In this discussion, the distinction between access to and exercise of power evoked in the report and in the literature reviewed may offer useful categories for a conceptual strategy allowing for a clearer distinction between the two concepts. In this case, a more restricted view of democratization stressing its dimension of how access to power is conducted becomes more easily compatible with a view of corruption centered on the violation of the principle of impartiality in the exercise of power, for the purpose of analyzing hypothesized causal relationships between the two. Another possible approach that this section of the report raises refers to a more fragmented understanding of democratization that focuses on how its different dimensions may affect corruption through distinct concrete institutional mechanisms. These and other alternatives providing for a clearer conceptual separation between these two phenomena should be explored in future research in order to avoid some of the conceptual pitfalls that have been identified in the existing research on their relationship.
The stream of research reviewed in this part of the report is also closely related to part of the empirical work conducted as part of the ANTICORRP project, in particular in WP 3 (Corruption and governance improvement in global and continental perspectives). As is the case of that Work Package, the literature surveyed here embodies research questions ultimately related to a central puzzle of interest in corruption research, namely the determinants of this phenomenon. In WP3, this subject is comprehensively addressed from a global comparative perspective and with selected case studies seeking to explain successful experiences in reducing corruption, in which the democratic development of each country is also considered as a potentially strong explanatory factor.

“International Anti-corruption Normative Framework: the State of the Art” by: Aram Khaghaghordyan

This chapter paves the way for the empirical research that will be conducted in WP 10 (Monitoring anticorruption legislation and enforcement in Europe). While WP10 mainly focuses on monitoring and enforcement of anti-corruption legislation in Europe, for the scope of this project, it is necessary to present the global anti-corruption framework. We look at the three causal factors that help us explain the origins of norms in relation to anti-corruption introduced by McCoy and Heckel (2001): (1) post-Cold War era; (2) social process, i.e. interaction among actors and diffusion of information; and (3) internal process where ‘cognitive and motivational processes of individuals’ may contribute to the generation of norms. Using the model developed by Finnemore and Sikkink (1998) on norm’s life cycle, we show how international anti-corruption norms took root by tracing the development of various regional and international legal instruments. While a series of conventions, recommendations, policy statements and codes of conduct were adopted in the last twenty years; many countries tend to ratify international treaties following a “logic of appropriateness,” rather than a “logic of consequences.” International norms, especially in the field of anti-corruption, are largely ineffective without enforcement and it is by no means certain that the implementation and enforcement gap will be filled by the simple passage of time if certain conditions are not met. Furthermore we look in more detail at the UNCAC, as it has been recognized as a reference framework for the fight against corruption and because of its comprehensive
coverage based on a common understanding among a broad range of States Parties (169 State Parties as of 31 January 2014). Due to the *UNCAC*, many countries formally adopted ethical universalism as a norm. However, it is a very implementation-heavy document, and requires a strong follow-up monitoring program. We argue that international actors must put in place such a monitoring mechanism; otherwise implementation of *UNCAC* could become an end in itself. However, it is not possible to have significant progress without domestic demand for new rules of the game and public participation in a sustainable mechanism which would prevent the eternal reproduction of privilege.

“Conceptualizing Organized Crime: A transaction cost approach to make-or-buy decision and corruption” by: Salvatore Sberna

This chapter aims at theoretically addressing the role played by criminal organizations in fostering and/or governing corrupt exchanges. Apart from some noteworthy exceptions, organized crime remains a neglected concept in the study of political corruption. In order to fill this gap, the paper illustrates some empirical and methodological issues in the existing definitions of organized crime and political corruption. Empirically, there is in fact a difference between groups aiming at simply producing illegality through criminal transactions (such as corrupt exchanges), from groups seeking to govern the same transactions and the whole market through the provision of protection to both criminal and legal actors. Therefore, the paper presents an alternative conceptualization of the problem, departing from the “make-or-buy” decision that all corruption actors have to make in relation with protection. Drawn on transaction costs theory, the paper analyses the conditions under which some rudimentary hierarchical structure can govern corrupt transactions, addressing also the effect of temporality and path dependence upon stationary or predatory types of organized crime. On the theoretical side, the paper adds to the existing literature on political corruption, by introducing and studying the organization and governance of corrupt exchanges. On the empirical side, the conceptualization proposed in this paper have informed other empirical parts of the project, in particular, the research activities of WP9 (Organized crime and impact on vulnerable groups). The theoretical results of this paper are in fact used to disentangle empirically the mechanisms that link together organized crime with political corruption.
“Corruption as social exchange: the view from anthropology” by: Davide Torsello

In recent years, anthropology has provided innovative and insightful accounts of corruption, at the levels of practices and ideas, in different world countries. Due to the nature of anthropological fieldwork research methodology, it has not been easy for anthropologists to study corruption through direct observation. This has called for a problematisation of the phenomenon in terms of both its salience as a universal vs. relativistic phenomenon, and of the mainstream definitions of corruption itself. This contribution has attempted to solve the theoretical impasses brought about by these two issues in the discipline of anthropology.

Anthropological and ethnographic accounts of corruption in different socio-cultural settings suggest that, although a relativistic standpoint is the most likely to be encountered when studying this phenomenon, its manifestation, perceived impact onto local societies and degree of moral refusal, there exist a number of reasons why relativism is insufficient an explanation.

First, citizens of different world countries, from Latina America to Southern Europe and Africa are well aware of the general social and ethical damages of widespread corruption, this perception is not influenced by local culture. Secondly, corruption works in strikingly similar ways across the world in business and political contexts. Thirdly, thanks to the work of international organizations and non-governmental institutions there is today a universal concern about increasing or decreasing levels of citizens’ perception of corruption in each country, what some anthropologists term “the industry of anti-corruption”. A demonstration of this can be the fact that in a good number of countries the word “corruption” has been introduced as a neologism from English, and it is used quite differently from local and vernacular expressions.

If a relativistic approach to the theory on corruption does not work this is due to the fact that one must be able to work with different definitions and different types of corruption in order to be able to grasp its complexity and theorise it. Corruption is an extremely versatile and polyhedral phenomenon, not in the ways it works, but in the several manifestations and ideas that local people attach to it. Anthropology, due to the above-mentioned limitations of field research, has mostly dealt with “petty forms of corruption”. In these forms, there is an
overarching tendency, with different cultural expressions, of looking at corruption as a form of exchange, which can be more or less justifiable at each societal level. Corruption as social exchange, with all the relative emphasis on reciprocity and gift patterns, is a view that ties this phenomenon to other existing cultural practices and social norms. Looked at this way, petty corruption can be tolerated or even desirable in particular cultural contexts, not because of the famous “greasing the wheel” explanation, but because these forms of social exchange are understood by local people to “attribute agency to individuals or groups of individuals”, by rendering corruption a form of reciprocal interaction between people and the organisations they represent particularly under conditions of scarcity of determinate goods, as well as of inefficient rules of access to these goods. Understanding this approach may help policy makers to accept better the idea that slogans such as “zero tolerance of corruption”, or “eradicate corruption from society” are rather empty.

By looking at how local societies and cultures can tolerate or even desire petty forms of corruption with a more open approach that accepts different working definitions and hence different human motivations it becomes possible to introduce a more holistic and on-the-ground view of this phenomenon. This, of course, need a good degree of empirical and comparative research, which is the main goal of WP4.

“Centripetal versus centrifugal corruption: A framework for the analysis of corrupt exchange and hidden governance structures” by Donatella della Porta and Alberto Vannucci

In the last decades a growing popular awareness emerged of the relevance of corruption as an hidden factor which may negatively influence political and economic decision-making processes in both liberal-democratic and authoritarian regimes. A corresponding interest came out also within the social sciences but, as often happens, in spite of a large scientific debate there is still no consensus on any commonly accepted definition of what corruption is. It is quite obvious that such an old-fashioned concept may carry several meanings. Among them, in classical political theory the term corruption is used to indicate a degenerative process operating at a macro-social level, through the perversion of certain constitutive features of an institutional system. In this macro perspective – which obviously requires a preliminary
normative judgement, i.e. a value-based distinction between “better” and “worse” institutions – the theoretical focus is on the general premises and consequences of the state of degradation of political systems as a whole and social values underlying them.

A different approach – which is dominant in the social sciences, and we will adopt here – takes corruption as a specific social practice, having distinctive features which can be defined at micro-level, minimizing value-laden implications and requirements. Corruption is a type of behaviour, a specific social practice which can emerge within a particular relational context. Any explanation of its facilitating conditions and effects, however, may require an analysis of variables at a macro-level, but there is a clear distinction between individual actions and their social premises or consequences. More or less stable configuration of informal rules and enforcing mechanisms, as we will see, can in fact regulate the patterns of centripetal or centrifugal corruption.

In doing this, we will build upon our own past work on corruption, with a purpose of updating it in order to take into account the ways in which changes in market as well as in the political system affect the forms and practice of corruption, as well as potential way to reduce it.

In particular, we reflect on the specific characteristics of corruption in the evolution – rampant years and crisis – of neoliberalism. Neoliberalism as second “great transformation” has brought about a move towards free market and away from social protection. Sponsored by international financial organizations, such as IMF or WB, policies in various states have been oriented towards privatization, liberalization and deregulation. Notwithstanding the promises of a separation of market and the state, as well as on the benefits of increased competition, those policies have increased the power of big corporations, distorting the market and colluding with the states. The ideology of neoliberalism supported a message of depoliticization which is misleading on at least two accounts: first, it cover the importance that state decision still have in the spread of neoliberal doctrine and practices; second, markets proved highly inefficient. Indeed, neoliberalism in the crisis brought about a crisis of legitimacy, which took the specific form of a crisis or responsibility. Rampant corruption has been denounced by social movements and social scientists alike.
Social science literature on political corruption, heavily influenced by rational choice paradigms and economic visions of politics, has not paid attention to the role of changed in capitalism and democracy on the spread and modelling of new patterns of corruption. What is more, it has often developed explanations of corruption that considered it as a natural by-product of intervention of the state on the market, in terms of both public services and regulation, invoking free market as a solution—privatization, liberalization and deregulation were indeed considered as (part of) the solution. In reality, our research on corrupt exchanges in times of neoliberalism points at those policies as rather part of the problem.
Corruption and the Opposite to Corruption
A Map of the Conceptual Landscape

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Abstract

Corruption has been viewed through many lenses within the different academic disciplines, taking on different meanings along the way. As a result corruption as a concept has effectively acquired a multidimensional character. In order to support our main contention of corruption as a multidimensional concept, this paper first traces the evolution of corruption as a concept; establishing it to have been present within both politico-religious thought since Aristotle as well as pointing out the absence of a republican understanding of corruption within the literature. Effectively, a subject matter dominated by one political outlook where there lies a divide between collective/individual. Second, we map the different conceptualisations of corruption over time, identifying gaps within the research – showing linkages that need further exploration (the linkages of corruption-human rights, and corruption – justice – impartiality), as well as detect the overarching “red thread” of corruption, that serves as a centralising force –corruption as a universal concept. Finally, we utilise it as an umbrella concept that helps bring related concepts such as clientelism, patronage, patrimonialism, particularism and state capture onto one spatial field. This is done by separately defining each concept, followed by a comparison to corruption, in order to fully flesh out the nuances where the overlap between corruption and each concept occurs. This provides a bird’s eye view over the literature, enabling the reader to see the connections between the related concepts and the far stretching reach of corruption within academic research.
Introduction

Since the mid-1990s, many international aid and development organizations have become interested in issues related to the problem of corruption. Since corruption tends to be a sensitive issue, the “coded language” for this policy re-orientation has been to stress the importance of “good governance”. In academic circles, concepts such as “institutional quality”, “quality of government” and “state capacity” have also been used (Smith 2007). However, as recently pointed out by Fukuyama (2013), a central problem in this discussion is a serious lack of conceptual precision. The purpose of this report is to contribute to the need for conceptual clarification in this area. However, we would like to underline that apart from the academic interests in such a conceptual project, there is another important rationale for why a discussion about how to theorize and define corruption and what may constitute the opposite to corruption, is important. This argument is basically empirical and has to do with two unexpected and for many, including the authors to this report, also normatively unwelcome results.

This pertains to the effects of democratization. The waves of democracy that have swept across the globe since the mid-1970s have brought representative democracy to places where it seemed inconceivable fifty, thirty or even ten years ago. More countries than ever are now, by the most sophisticated measures used, classified as being democratic and more people than ever live in what counts as democracies (Teorell 2010). This is certainly something to celebrate but there are also reasons to be disappointed. One example is South Africa that miraculously managed to end apartheid in 1994 without falling into a full scale civil war. As Nelson Mandela said in one of his speeches, the introduction of democracy would not only liberate people but also greatly improve their social and economic situation (Mandela 1994, 414). Available statistics give a surprisingly bleak picture for this promise. Since 1994, the country has not managed to improve the time that children on average go to school with one single month. Economic inequality remains at a world record level, life-expectancy is down by almost six years and the number of women that die when they give birth has more than doubled.¹ Simply put, for many central measures of human well-being, the South African democracy has not delivered. Another example has been provided by Amartya Sen in an

¹ Data from the Quality of Government Data Bank, [www.qog.pol.g.u.se](http://www.qog.pol.g.u.se)
article comparing “quality of life” in China and India. His disappointing conclusion is that on most standard measures of human well-being, communist-autocratic Peoples’ Republic of China now clearly outperforms liberal and democratically governed India (Sen 2011). Using detailed data about child deprivation, including a set of thirty standard measures of national levels of human well-being and also some variables known to be related to human well-being such as capacity for taxation, including from between 75 and 169 countries, Holmberg and Rothstein (2011) find only weak, or no, or sometimes even negative, correlations between these standard measures of human well-being and the level of democracy as defined above. Maybe the most compelling evidence about the lack of positive effects of democracy on human well-being comes from a recent study about child deprivation by Halleröd et. al. (2013); using data measuring seven aspects of child poverty from 68 low and middle income countries for no less than 2,120,734 cases (children). The result of this large study shows that there is no positive effect of democracy on the level of child deprivation for any of the seven indicators (access to safe water, food, sanitation, shelter, education, health care and information).

This bleak picture of the effect of democratization on measures of prosperity, population health and other central aspects of human well-being is confirmed by many other studies (Doucouliagos and Ulubasoglu 2008; Norris 2012). The picture that emerges from the available measures is this; representative democracy is not a safe cure against severe poverty, child deprivation, economic inequality, illiteracy, being unhappy or not satisfied with one’s life, infant mortality, short life-expectancy, maternal mortality, access to safe water or sanitation, gender inequality, low school attendance for girls, low interpersonal trust or low trust in parliament. Why is this so? One explanation was given by Larry Diamond in a paper presented at the National Endowment for Democracy in the United States, as it celebrated its first twenty-five years of operations:

There is a specter haunting democracy in the world today. It is bad governance—governance that serves only the interests of a narrow ruling elite. Governance that is drenched in corruption, patronage, favoritism, and abuse of power. Governance that is not responding to the massive and long-deferred social agenda of reducing inequality and unemployment and fighting against dehumanizing poverty. Governance that is not delivering broad improvement in people’s lives because it is
stealing, squandering, or skewing the available resources (Diamond 2007, 19).

If we follow Diamond shift focus from representative democracy, and turn to measures of corruption, the picture of what politics can do for human well-being changes dramatically. For example, the above mentioned study on child deprivation finds strong effects from measures of quality of government on four out of seven indicators on child deprivation (lack of safe water, malnutrition, lack of access to health care and lack of access to information) controlling for GDP per capita and a number of basic individual level variables (Halleröd et al 2013). Other studies largely confirm that various measures of control of corruption and quality of government have strong effects on almost all standard measures of human well-being, including subjective measures of life satisfaction (aka “happiness) and social trust (Norris 2012; Holmberg and Rothstein 2012; Ott 2010; Rothstein and Stolle 2008). Recent studies also find that absence of violence, in the form of interstate and civil wars, are strongly affected by measures of quality of government and more so than by the level of democracy (Lapuente and Rothstein 2013; Norris 2012; Råby and Teorell 2010)

Some may argue that the normative reasons for representative democracy should not be performance measures like the ones mentioned above, but political legitimacy. If people have the right to change their government through “free and fair elections”, they will find their system of rule legitimate (Rothstein 2009). Here comes maybe an even bigger surprise from empirical research, namely that democratic rights do not seem to be the most important cause behind people’s perception of political legitimacy (Gilley 2009, 2006). Based on comparative survey data, several recent studies show that “performance” or “output” measures such as control of corruption, government effectiveness and the rule of law trumps democratic rights in explaining political legitimacy (Gilley 2009; Gjefsen 2012; Dahlberg and Holmberg 2013). As stated by Bruce Gilley, “this clashes with standard liberal treatments of legitimacy that give overall priority to democratic rights” (2006:58).

Thus, if the relevance of research in the social sciences is understood in how it may improve human well-being and/or improve political legitimacy, research has to a large extent been focusing on the least important part of the political system, namely how “access to power” is organized (that is, electoral and representative democracy and democratization). This ignores
the more important part of the state machinery – how power is exercised, or in other words, the quality of how the state manages to govern society. As argued by Fukuyama (2013), this seems to have been driven by an underlying ideological view inspired by neo-classical economics and particularly strong in the United States, which emphasizes the need to limit, check and control (and also minimize) the state which is basically seen as a “predatory” organization. The result is that the quality of the administrative part of the state, that we now know is of the outmost importance for increasing human well-being, has been severely under-studied, under-theorized and under-measured in political science.

Type the search word “corruption” on the British Broadcasting Company’s (BBC) News website and a staggering 8972 hits are reached. The same search on the well-known journal The Economist’s website gets you over 48000 hits. The overwhelming presence of the topic of corruption is not limited to the realm of the internet – suffice to mention that the “Arab Spring” started with an incident about corruption; additionally the large protests and social unrest in Brazil in 2013 to a large extent were concerned with issues of “clean” government. From a modest position, until the second half of the 1990s, corruption has become a very central topic for many leading international organizations as well as in academia. Corruption has been recognised as a valid and challenging subject, putting it high on the priority agenda of both political/social scientists as well as policy makers (Jain 2001). This is evidenced by corruption’s treatment hand in hand with the good governance agenda, promoted by various international bodies such as the World Bank, International Monetary Fund (IMF) etc. Further evidence is in the form of the establishment of anti-corruption units (as well as campaigns) within organisations of all sizes; International organisations such as the United Nations, government departments, as well as the establishment of legal instruments both at the international level\(^2\) along with national anti-corruption legislation (Andvig et al. 2001). However, this presence has taken its time to reach the state it is at today.

In contrast to the current hype surrounding corruption, the concept of itself has until recently received surprisingly little attention (Miller 2005). Lately, the discussion of what should be considered the opposite to corruption, such as “good governance”, “state capacity” and

\(^2\) The United Nations Convention Against Corruption 2003, European Council Convention Against Corruption (both criminal and civil)
“quality of government” has become intense (Andrews 2013, Fukuyama 2013, Agnafors 2013, Rothstein 2011, Rothstein & Teorell 2008). Our intention is to map the landscape of different conceptualisations of corruption and related concepts such as clientelism, patronage, particularism, state capture and patrimonialism. In this, a central ambition is to specify how this family of concepts is connected. Secondly, to map what is to be considered as the opposite to corruption. Thirdly, to fill the gaps that can be identified in the absence of a single unified definition of corruption. We will also analyse the underdeveloped link that we have found between corruption and the human rights agenda.

Corruption as Taboo

The emergence of corruption as a subject matter within academia has been a long journey. At the outset, corruption as a topic was taboo – both in research and policy circles, substantiated by the fact that the use of the word itself was referred to as the “c-word” (Shah 2007, 249).

In the late 1960s, the Swedish Nobel laureate Gunnar Myrdal pointed out that the term corruption was “…almost taboo as a research topic and is rarely mentioned in scholarly discussions of the problems of government and planning.” (Myrdal 1968, 937-951) Although Myrdal’s focus in the quoted article was on South Asia, this reasoning can be extrapolated to understand the hesitation, until at least the late 1990s, of doing research on corruption. There are different reasons forwarded for the lack of academic foci, especially research concerning developing countries – one being a general bias of “diplomacy in research”. This diplomacy stems from the historical setting of when Myrdal’s article was published, that is, in the midst of the Third Wave of Democratisation (Huntington 1991). This was a sensitive time, during which both academic and policy circles engaged in the avoidance of corruption as a topic for fear of being labelled “imperialist”, “western” or simply self-righteous. Another reason for the absence of corruption research was what can be labelled as “geographic morality.” Whereby, the prevalent attitude was of “us” and “them,” effectively – the Western world (liberal democracies) vs. the (then) Third world (non-democracies and countries in transition, such as the former colonial states). This resulted in externalising the issue of corruption as a problem that does not exist in the Western World but is limited to the Third World. This attitude is neatly summarised by Sajo and Kotkin.
Corruption seemed prevalent, even inevitable, not everywhere but in certain societies, especially in the West’s colonies and other less developed parts of the world… The temptation to identify corruption with alien societies, with the other, has always been irresistible (Kotkin and Sajó 2002, 25).

The fact that Myrdal’s essay formed part of a lengthy book titled “An Enquiry into the Poverty of Nations” which focused on the Asian continent, is evidence of the prevalent prejudice of the time, which helps explain the need felt by many academics to remain “neutral” or “diplomatic.” Matters were of a similar nature on the policy front where this type of reasoning was also utilised by international organisations, such as the World Bank, effectively avoiding research and discussion on the topic. The official stance of these organisations was that problems related to corruption constituted “a national issue” which was beyond the purview of the organisation’s mandate meaning that interference into national political issues was not allowed. As Pearson points out, the reluctance of these institutions to address corruption can also be attributed to their “perception of themselves as politically neutral, the limitations of their charters and because of the sensitivities of many of their member States.” (Pearson 2001, 13).

Breaking the taboo
This taboo was soon broken, at least within research, with the publication of Arnold Heidenheimer’s Political Corruption: Readings in Comparative Analysis. In this work the author analysed the concept through three separate categories, all focusing on the public realm; public office, public interest and public opinion. He defined the three as follows:

1. Public-office-centred definitions: definitions of corruption that relate most essentially to the concept of public office and to deviations from norms binding upon its incumbents…Corruption, while being tied particularly to the act of bribery, is a general term covering misuse of authority as a result of considerations of personal gain, which need not be monetary.

2. Market-centred definitions: “a corrupt civil servant regards his public office as a business, the income of which he will…seek to maximise. The office then becomes a – maximising unit” (Van Klaveren, 1957) or as Leff (1964) points out “Corruption is an extra-legal institution used by individuals or groups to gain influence over the actions of the...
bureaucracy. As such the existence of corruption per se indicates only that these groups participate in the decision-making process to a greater extent than would otherwise be the case.”

3. Public-interest-centred definitions: “The pattern of corruption can be said to exist whenever a power holder who is charged with doing certain things, i.e. who is a responsible functionary or officeholder, is by monetary or other rewards not legally provided for, induced to take actions which favour whoever provides the rewards and thereby does damage to the public and its interests” (Carl Friedrich 1966, 1972) in (Heidenheimer and Johnston 2002, 7-9)

The first step towards breaking the taboo, apart from the publication of the work itself, was the relabeling of ‘corruption’ to ‘political corruption, bringing the term within the ambit of the political realm. This effectively lifted the concept to a philosophical level, reinforcing the term as above all a politically polysemic term, broadening the meaning of the word to be “linked with system decay” (Heidenheimer, Johnston, and Le Vine 1989, 12). The subject now fell within the realm of not only the social sciences but more specifically within the political science field, providing impetus to scholars to engage in corruption research. The political nature was now applicable to all political entities (states), reinforcing the political range of the term (Génaux 2004). In other words, corruption as a subject for research was applicable to all nations; whether a developing nation or not. The final straw that helped break the taboo was Heidenheimer’s application of this newly established framework in his analysis of the United States of America during the Watergate period. This effectively shook loose the concept from the political bias that until then had surrounded corruption and led to an opening of the floodgates of conceptualisations.

Before elaborating on any of the conceptualisations that exist of corruption, it is imperative to note that majority corruption studies and policies focus on the public sphere, not the private. The reasons for this are manifold. First of all, the public sphere is that within which the citizenry has a direct linkage to the state; through payment of taxes and the provision of public goods. In lieu of this, when public sector corruption takes place, the chief argument in favour of the public sector focus as fundamental, is that corruption weakens the accountability mechanism available to a state’s citizens, effectively weakening the collective action tool available to the populace. Furthermore, Andvig et. el (2001) argue that public sector
corruption remains the centre of attention mainly because it acts as a prerequisite for controlling private sector corruption (Andvig et al. 2001; Booth and Cammack 2013). Arguments from another angle pertain to the subversion of the public good as the central feature for focus on the public sector corruption versus private, wherein corruption occurs when those who are in charge of societies’ “public goods” transform these goods into private goods (Booth and Cammack 2013; Rothstein and Torsello 2013). Although the aforementioned arguments focus on corruption in the public sphere, it is of interest to note, as Johnston points out, (2013) that the level at which corruption is investigated is the private, i.e. corruption as it occurs at the individual level (that is the private) whereas classical republican understanding focuses on corruption as a collective action problem. An imperative point is that all the above arguments focus on corruption at the output side of the equation.

A more complex issue that arises in these studies is when corruption occurs at the intersection of public and private spheres, e.g. where “individuals engaging in corrupt behaviour within private companies for their own interest” affect the tax payers’ money. One such example is the latest financial crisis, where the actions of the private banking sector effectively affected tax payer money when banks needed to be bailed out by respective states. This is concisely summarised in a comment by the World Bank:

the problem of corruption lies at the intersection of the public and private sectors. It is a two-way street. Private interests, domestic and external, wield their influence through illegal means to take advantage of opportunities for corruption and rent seeking, and public institutions succumb to these and other sources of corruption in the absence of credible restraints (World Bank 1997: 102).

This intersection of public and private sectors is a “grey zone” that is under explored in the literature as well as the policy circles. A stark example of this “grey zone” where public and private lines are blurred is the concept of state capture. State capture focuses on how the private sector exerts influence over the public sphere, mainly by shaping the formation of the basic rules of the game (i.e. laws, rules, decrees and regulations), whether this be through illicit and non-transparent private payments to public officials/politicians, or politicians exercising power (see state capture section). The corruption in this case takes place on the input side of the equation, unlike other types of corruption that occur at the output end – such as a public servant exercising his/her power partially.
Although the focus generally remains on public corruption it should be noted that the legal frameworks that have been developed/drawn, at least on the international and regional level (such as the European legislation and the Foreign Corrupt Practices Act of 1979) cater for both public and private corruption. However, corruption as a concept has not been viewed as a collective action problem so far.

Corruption has been explored within majority of the academic disciplines; however there is a gap within the current research, where the utilisation of corruption as an umbrella concept is for the most part absent. This paper intends to fill this gap by developing a core understanding that acts as a connecter to side-lying concepts with which it is regularly utilised, such as clientelism, patronage and patrimonialism. The idea is to use corruption as an umbrella concept for this family of related concepts. The starting point will be to investigate the different conceptualisations that exist within the different disciplines.
Mapping the disciplines

Corruption as an Economic Issue

In the 1980s the increased research on corruption in academia was not reflected within the policy circles nor in the policies that were being fleshed out. This was especially evident within major international policy institutions such as the World Bank and the International Monetary Fund (IMF). However, in the 1990s the concept was re-formulated as an economic problem. One such market-centred formulation is that offered by Van Klaveren:

“A corrupt civil servant regards his public office as a business the income of which he will...seek to maximise. The office then becomes a ‘maximising unit.’ The size of his income depends...upon the market situation and his talents for finding the point of maximal gain on the public’s demand curve.” (cited in Johnston 1996, 323)

The conceptualisation of corruption from the economic perspective gained momentum once corruption was identified as a deterrent to economic growth and development of nations, applicable especially to developing and transition nations (Jain 2001). Studying corruption as an economic phenomenon relates not only to the "economic advantage" in the form of bribes and kickbacks but also to subfields such as public finance, industrial organisation as well as the economics of crime and the role of the “invisible foot” in these subfields (Rose-Ackerman and Søreide 2011, Lambsdorff 2007). As Andvig et al. (2001, 6) make clear, by looking at the kinds of resources transferred, a distinction has been made between corruption in economic terms and corruption in social terms. Economic corruption takes place in a market-like situation and entails an exchange of cash or material goods, effectively making market-centred definitions a morally neutral, or “rational” (Hodgkinson 1997, 22) way of applying economic methods and models for the analysis of politics (Philp 1997, 48). As Underkuffler clarifies:

“...corrupt acts, qua corrupt acts, are neither good nor bad; they are simply the manifestation of interests, which are equal – in any normative sense – to any other interests in the competitive sea” (Underkuffler 2005).
Social corruption, on the other hand, is conventionally understood as an integrated element of clientelism, where social aspects are involved, that is, the way people relate to each other, one form of which is interpersonal domination. As Médard elaborates, “corruption takes many forms clientelism, nepotism, ethnic and other favouritism are all variants of corruption, in social terms” (Médard 1998:308). Another example of social corruption is as a social condition pointing to its effect upon the law. This is succinctly demonstrated by Ritner in his analysis of corruption in the writings of Nicolò Machiavelli:

Corruption is the loss of military virtue and therefore the inability to maintain the social cohesion and enforce the laws of the state. The laws of the state become corrupt when sects of persons in positions of authority misuse their magistracies for the purpose of personal or sectional gain, or in a way that circularly harms the maintenance and development of the virtue of the people. (Ritner 2011, 18)

On the policy side, the reformulation of corruption as an economic issue brought it within the purview of the mandates governing the institutions of the World Bank and IMF as well as other international organisations. The market-centred definition of corruption neatly severed itself from the behavioural definitions that surround the public office and public interest definitions. As a result, the concept of corruption was seen as no longer constituting a national political problem, but as an economic problem that crossed borders and affected us all (Rose-Ackerman 1999). The “Bretton Wood twins” soon treated corruption as an obvious aspect of the normative good governance agenda that was promoted as part and parcel of the policy world, once again aimed at the developing world.³

This focus of good governance is still prevalent at the time of writing; however at present the perception of corruption as a phenomenon limited to transition/developing countries (as an issue considered to be tied in with modernisation or economic development theories) is no longer as dominant. In fact, corruption is admitted as a problem to be found within the developed world, not least within the countries in the European Union (Charron, Lapuente and

³ This can be seen from the policies surrounding “good governance” agenda and the various conditional loans dependent upon fulfilment of good governance criteria.
Rothstein 2013). It should be added that two prominent economists – the former chief economist at the World Bank, Daniel Kaufmann and the former chief Economist at the International Monetary Foundation, both have analysed the economic crash that started with the fall of the Wall Street investment bank Lehman Brothers, in terms of corruption (Johnson 2009; about Kaufmann, see Rothstein 2011, 388). Kaufmann’s statement about this is worth citing: “If anybody thought that the governance and corruption challenge was a monopoly of the developing world . . . that notion has been disposed completely.”

**Corruption in legal thought**

A parallel development is detected in the 1990s, which saw an upsurge of conceptualisations of corruption within the legal field where Joseph La Palombara’s definition of corruption stated that it was to be defined as “any act performed by officials when departing from their legal obligations in exchange for personal advantages.” (1994, 330). This definition helps limit the concept of corruption to stay within the framework of the law, providing guidelines as to what criteria covers and which does not cover corrupt acts – explaining why the legal conception of corruption to be the one utilised in many empirical studies. The conception has been criticised as too broad and also as too narrow. As Underkuffler points out, “the idea of corruption-as-illegality” [...] suffer[s] from being simultaneously too narrow and too broad in scope; all illegal acts are not necessarily corrupt and all corrupt acts are not necessarily illegal” (Underkuffler 2005, 21). The legal focus is usually centered on bribes and embezzlement, an aspect that is highlighted in the corruption legislation developed over the years. The problem with this legal type of definition is that this excludes many forms of what others may define as corruption such as various types of favours in which money is not involved. This can take the form of jobs in the public sector, various permits for business or construction or access to public services that are in high demand but “rationed”.

Some of the earliest legislation specifically aimed at corruption is to be found in three English statutes – *Public Bodies Corrupt Practices Act 1889*, *Prevention of Corruption Act 1906* and *The Prevention of Corruption Act 1916*. These define corruption to include three main ingredients where the central focus is upon the narrow “gift or consideration” in relation to “public bodies and Government departments” (Hodgkinson 1997, 18). Here, corruption’s main
three ingredients are (i) that a gift of consideration was given or offered by one party to another; (ii) that the gift or consideration was given, or received, as an inducement or reward for services to be rendered or already rendered in relation to official duties; (iii) that the transaction took place corruptly (Salmon 1976:18). The statutes, however, are broader than early 20th century legislation surrounding corruption, a result stemming from the legislation placing the onus upon both corrupter and corruptee – allowing a broad scope of application.

Early legislation from the 20th century (and perhaps the narrowest) is the American Foreign Corrupt Practices Act (FCPA) of 1979 which stipulates that “payment of money or anything of value” as part of the acts covered by the law. Similar formulations make up the Organisation for Economic Cooperation and Development (OECD) Anti-bribery Convention; however the scope is broadened in this Convention by including “other advantages” leaving room for interpretation of whether the advantage is pecuniary or not.4 These two acts target the supply side of the corruption exchange, however the development of the corruption legislation of the 90s (such as the European Council Criminal and Civil Law Conventions on Corruption) kept broadening the coverage not only in terms of the definition of ‘corruption’ but also broadening the coverage to both supply and demand sides.

An aspect that has received a lot of criticism is the fact that the United Nations Convention Against Corruption (UNCAC) established in 2003 does not define “corruption” whereas “public official” is defined and delimited. It can be argued that the reason for this is to allow leeway for the legislation to cover situations of nepotism, patronage and patrimonialism. On the other end, extremely broad definitions of both corruption and corrupt conduct in legislation can be found as well; an apt example in this case is the Australian Independent Commission Against Corruption Act 1988, which sets out what is meant by corruption in section 8 of the act, describing not only corrupt conduct (that can vary from “any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public

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4 OECD Anti-Bribery Convention 1997, Art. 1.1 Each Party shall take such measures as may be necessary to establish that it is a criminal offence under its law for any person intentionally to offer, promise or give any undue pecuniary or other advantage, whether directly or through intermediaries, to a foreign public official, for that official or for a third party, in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage in the conduct of international business.
official, any group or body of public officials or any public authority”. The scope of this act is so broad that an entire list of offences is offered that would be considered corruption. One aspect of this Act is that it includes within its ambit also the spheres outside of public officials; effectively including citizens as equally culpable of a corrupt act when interacting with public authorities. This is in contrast to many other anti-corruption acts which merely focus on the public official’s conduct. The onus is upon both parties to behave in a non-corrupt manner.

A further reason for the legal understanding of corruption as narrow is that the legal/illegal divide can easily exclude corrupt acts that are not covered by the law but may still be ethically wrong in the eyes of the public; such as instances of nepotism. As Sajo points out “…governmental sleaze is often completely legal but still unethical, for instance, the taking of a vacation in Madagascar and claiming the trip was intended to study how that country’s public administration operates.” (Kotkin and Sajó 2002, 3) This is an appropriate example of a case where officials act within the legal framework; their actions would not be classed as illegal per se, but would be seen as corruption by many citizens. This is the main limitation of the legal conceptualisation of corruption.

Another limitation of legalistic definitions of corruption is in the case of systems where the legal set up is as such that extortion is embedded within the system and where this would be considered legal – an example of which, according to Kotkin and Sajo (2002), can be found in some post-communist countries. Although the legal definition of corruption is often viewed as the safe route to take, what is overlooked is that laws may be enacted that allows the use of public office in ways that by many citizens would be seen and understood as corruption.

**Corruption from the sociological perspective**

The sociological perspective of corruption is a latecomer to the corruption debate (Hodgkinson 1997, 17) however one that makes an important contribution. Unlike the prevalent liberal approach (where the focus has remained upon the individual (i.e. the public official), the sociological aspect investigates the state-people linkage; veering focus away from the individual, raising it to the organisational level and effectively bringing into focus the society at large. At the centre of the sociological approach is the evolving character of the state-
society relation which is looked at to understand how corruption is operating; wherein the individual finds himself/herself. This approach redirects attention to the organisational behaviour and organisational rationality which is an advantage because it takes into account the evolving character of corruption in association with the evolving character of the state (as organisation). Syed Alatas’ (1968) model of corruption helps gain an overview of this nuanced approach:

(a) a betrayal of trust;
(b) deception of a public body, private institution, or society at large;
(c) deliberate subordination of common interests to specific interests;
(d) secrecy of execution ...;
(e) the involvement of more than one person or party;
(f) the presence of mutual obligations and benefits, in pecuniary or other form;
(g) the focusing of attention on those who want definite decisions and those who can influence them;
(h) the attempt to camouflage the corrupt act by some form of lawful justification; and
(i) the expression of contradictory dual functions by those committing the acts (Underkuffler 2005, 25)

This involves important nuances that can be detected by characteristics (b) and (c) where the collective is weighed in heavily versus the individual. This aspect, where the changing character of the organisation is taken into account, is one that remains overlooked within current corruption research; resulting in the non-detection of the presence of corruption within developed countries, where a “primary” understanding of corruption is still utilised. In contrast to the “primary” understanding, the nature of corruption has altered due to the alteration of the state and its functions wherein it exists. An important analysis of this is presented by Hodgkinson (1997) who investigates corruption at the state level in relation to the so called “New Public Management” reforms that has been instilled in the United Kingdom and some other Western countries.5

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5 As for political science, the prominent corruption scholar Michael Johnston has stated that “American political science as an institutionalized discipline has remained steadfastly uninterested in corruption for generations” (Johnston 2006, p 809). As shown by Rothstein (2014), corruption as a topic is absent in the ten large “Handbooks” in the various sub-disciplines of political science that have been published by Oxford University Press since 2006. He also shows that corruption is a very rare issue in the leading journals of the discipline.
The Evolution of Corruption as a Concept

The concept of corruption is an age-old concept, perhaps as old as human civilisation (Von Alemann 2004). The underlying meaning of the concept that is understood universally, no matter what culture or society, is the one forwarded by religion – where morality and corruption are two sides of the same coin (two binary products). The soul represents purity, while sin represents the immoral act, which effectively corrupts the soul.

A prominent example from the Abrahamic religions is that of Adam eating the apple in the Garden of Eden, giving in to the temptation that was forbidden to him. Or to utilise one of the nine definitions found in the Oxford English Dictionary “Moral (corruption) – a making or becoming of morally corrupt; the fact or condition of being corrupt; moral deterioration or decay; depravity.” (Heidenheimer, Johnston, and Le Vine 1989, 7)

The concept’s Biblical origins were briefly alluded to by Carl Friedrich when analysing the moral and political paradox forwarded by Lord Acton in his famous dictum of “power tends to corrupt and absolute power corrupts absolutely.”

Such deep suspicion of power has, it would seem, a religious root, and is typically Western and Christian. It harks back to the notion of the kingdoms and to the contrast between the earthly and the heavenly city . . . Such corruption, being in fact a decomposition of the body politic through moral decay, is a general category to include all kinds of practices which are believed to be dysfunctional and hence morally corrupt. (Freidrich, 1972, 16)

The role played by the Augustinian tradition in the moral and political conception of corruption is further reflected in Genaux’s conclusion. In tracing the evolution of the term “corruption” within the social sciences she argues that “corruption did not belong to the legal vocabulary of the Ancient Regime but to a politico-moral lexical field mainly drawn from the Bible... ‘Coruptio’ and ‘corruption’ are in effect biblical words whose function is central to the Holy Book”(Génaux 2004). It is this moral lens through which corruption has been analysed in the political thought ranging from Enlightenment thinkers to scholars of present day.

Other scholars have traced the roots of the concept of corruption within social settings as far back as to antiquity. Scholars such as Noonan trace the roots of the concept to the Middle East; where in Mesopotamia and Egypt “from the fifteenth century B.C. on, there has been a
concept that could be rendered in English as “bribe”, of a gift that perverts judgment.’ (Noonan 1984, 13) He demonstrates how corruption as a notion has been present since antiquity and been under debate in state (whether in Rome or Greece).

The politico-moral character of corruption has remained a constant throughout its conceptual evolution. This is evidenced by the way the Romans used it “in reference to a specific human activity (bribery) or in the more general sense of destroy, lay waste, adulterate or spoil…” (Euben, 1989, 220). According to Livy, both moral and political terms are the basis for understanding corruption. An example of this is the Roman usage to cover “political decline.” Furthermore, the presence of corruption as a concept within Roman law is highlighted by Genaux:

…in law the term had… an official status associated to the criminality of certain agents of public power: “corruption” was used in Roman law as in ius commune to incriminate the practices inherent to the exercise of justice. (Génaux 2004)

This quote highlights the fact that the term corruption was very much within the public realm; where the term was applicable to holders of public power. Genaux further highlights the link between the understanding of corruption and justice, where a holder of public power who is responsible for exercising justice, is considered corrupt if he fails to deliver justice. According to this line of thought, an unjust power holder is corrupt, therefore corruption is injustice.

The evidence above points to the concept not being specifically Western nor new but also reinforces the concept as very much universal and not limited to the modern liberal West (Kurer 2005, Rothstein & Torsello 2013). The classic conception of corruption as a general disease of the body politic was central to the thinking of Enlightenment thinkers such as Machiavelli, Montesquieu and Rousseau, aptly described by Friedrich in mapping the historical evolution of the concept. The evidence points to the presence of corruption during the times of these philosophers, explaining how the concept entered the political thought through the religious venue and was seen as a moral problem and/or a problem of virtue (Freidrich, 1972, 19).
The utilisation of this politico-moral analysis is elaborated by Ritner who shows how Machiavelli, extrapolating from the religious realm to the political realm, conceptualised corruption as the greatest ill in governance capable of bringing down an entire state. Although Machiavelli builds upon the republican interpretation of corruption, Ritner argues that Machiavelli does not view government as black or white (“good” or “bad”) but as different shades of grey; where a state can be both ‘good’ and ‘bad’ at the same time, with the main focus on maintaining an enduring state (Ritner 2011). In a similar manner, Heidenheimer, following Friedrich, traces the understanding of corruption back to the fathers of Western classical political thought – Aristotle and Plato.

**Republicanism vs. Liberalism**

This tracing process brings to our attention the republican school of political philosophy through which Aristotle and Plato understood corruption. Before embarking on the contrast between liberalism and republicanism, it is imperative to distinguish the republicanism that we refer to. In the literature there are two stark strands of republican political theory. On the one hand the contemporary understanding of virtue, liberty in relation to the *individual* and on the other hand the classic republicanism that focuses on virtue, liberty in relation to the *collective*. Nelson traces the different understandings to different periods; the former is traced to Cicero and the Roman understanding of republicanism, which came about due to private property laws. It is of this tradition that Machiavelli is said to stem from (Dryzek, Honig, and Phillips 2006). On the other hand is the Greek – Aristotelian – republicanism that also focuses on virtue and liberty but with the collective as its fulcrum. For a brief understanding of what this classic republicanism is, we turn to the fundamental difference between liberalism and republicanism so that one may effectively differentiate the concepts and allow them to stand in their own right (Gerring 2012).

In liberal theory, society is viewed in two parts: The public/collective (that which is seen as outside, cold and distant from oneself) and the private (inside, close to oneself and familiar) (Pitkin 1981); where the private trumps the public. As is evident from Hobbes’ writing, there is a separation of the two, where only one survives, without the other, effectively dissipating
the need to focus upon the tension that is created between the two realms. The main concern, at all times, is the individual since the “I” is trumping the “we”.

In contrast, the classic republican school does not adhere to this separation but views society as a whole; taking into account both the public (collective) and the private (individual), where the collective (public) is viewed as superior in relation to the individual (private). It is this holistic approach that accepts the tension that exists between all aspects of pairs in values, one of which is the collective value vs. the individual, echoing the need for a balancing act in order to reach the public values constituting the “good society.”

The classic republican outlook gives weight to both “we” and “I” and thrives off of the tension that is created in the duality. This focus on the collective (in classic Republicanism) versus the liberal-individualistic is succinctly summarised by Aristotle’s analogy to the human body;

…the state is by nature clearly prior to the family and to the individual since the whole is of necessity prior to the part; for example if the whole body be destroyed, there will be no foot or hand except in an equivocal sense, as we might speak of a stone hand for when destroyed the hand will be no better […] The proof that the state is a creation of nature and prior to the individual is that the individual, when isolated, is not self-sufficing; and therefore he is like a part in relation to the whole. (Aristotle 2000, 29)

It is this fundamental difference in point of departure that translates into the different conceptions that the respective schools’ have of what constitutes the “good society” and man’s role in society, liberty, politics, and of course, “corruption.” In liberal thought the role of politics in the “good society” is to dominate others. As Shumer points out, according to leading contemporary political scientist such as Robert Dahl, men are by nature “privatised and that they relate to each other in the political sphere in terms of private interests and through the medium of power as domination” (Shumer 1979). To begin with, in this liberal individualistic approach, man is not viewed as a “political animal” where the primary relation is to the collective “body politics”. Instead, man is viewed as privatised; this outlook (through the lens of private vs. public) creates a trade-off where “privately oriented men perceive the political arena only as a place to project their own interests in competition with others” (Shumer 1979). There is a choice to be made and in this choice, the “self” is always primary to the collective instead of allowing both “public” and “private” to co-exist. In this liberal-
individualistic ideology, the “good society” is seen as a playing field of constant trade-offs where “the raw capacity to dominate mediates political relationships” resulting in “decisions inevitably going to the most powerful whose private interests win the competition.” This individual focus has been criticised as to how it can get out of control;

…when private gain is the sole motivating force there are no checks to restrain either violence of disputes or search for complete domination. It undermines a people’s political potential. For privatised politics enacts the deliberate refusal to seek for the universal or general and it is to reject even the attempt to distinguish between subjective private desire and a collectively determined public good (Shumer 1979).

In the alternative republican thought, the “good society” is a collective action problem. All agents may very well know that if they just strive for their own self-interest, the famous “free-rider” problem will risk destroying the possibilities for creating the “public goods” they all need in order to prosper (Olson 1965, Ostrom 1990). Moreover, if for some reason such public goods have been created, such as the rule of law or an impartial and honest public administration, self-interest may reach levels of individual opportunism that the goods in question will be destroyed. Distrust that “most others” are playing fool may create a “social trap” situation in which the agents are, by their very distrust, locked into a sub-optimal situation. This is because the necessary amount of interpersonal trust cannot simply be “manufactured” if genuine distrust has infested the group/society, although “everyone” knows that they would all benefit from such trust (Rothstein 2005). The genuine dilemma in all such collective action/social trap type of situation is how to balance the tension created between private self-interest and the “public good”. This is solved through the medium of politics; helping explain Aristotle’s proclamation of man as a political animal, upon which a “healthy society” requires its citizens to be political so that each is able to contribute to what is the overall wellbeing of society and thereby effectively increasing their own wellbeing. In her work about political representation, Hanna Pitkin reinforces the importance of citizens leading a political life because it is

…the activity through which relatively large and permanent groups of people determine what they will collectively do, settle how they will live together and decide their future, to whatever extent that is within human power. Public life in this sense is of the utmost seriousness and importance (Pitkin 1981, 343).
Furthermore, republican thought treats the “good society” as a living organism; where the “good society” along with its citizens is constantly changing (Machiavelli, in Walker, and Clough 1975). The values within this society are also constantly evolving and not seen as a static feature. This results in the ultimate understanding of the “good society” as that of a balancing act between the self and the collective. As John Schaar points out, the good society is:

…a community in which men can be both conscious and individual and share the moral bonds and limits of the group” emphasising that the tension is important in its own right “We must seek ways to live with the tension, rather than ways of abolishing either community or individual privacy. (cited in Shumer 1979, 13)

This balancing act is achieved through the active participation in the political arena of a polity’s citizens in which both private and public interests are allowed to exist side by side deciding the polity’s common life.

A strong criticism that the republican school is met with is that it is self-sacrificing of individual needs and identity. However, republicanism is not altruism as Shumer is careful to point out

public values are not a form of selfless altruism, but rather the way in which a given society responds to this challenge [of handling the tension between private and public]…Thus a political people value political action and their own participation as a way of relating to others and of coping with and shaping their common life. (Shumer, 1979, 13)

The role of the individual within the polity is seen as imperative where they are “an active audience with their power gathered together and focused to resist when necessary”. The individuals must be persuaded, not commanded (Shumer 1979, 17). However, in the liberal “good society” citizens tend not to be political, because they realise that “they can advance their private interests more effectively through non-political means” such as being successful in markets or in social/private relations (Shumer 1979, 10). In contrast, the republican focus on the whole collective allows one to take into account the “living” character of the polity,
both the evolution of the polity balanced with the evolution of the individuals that make up the polity. A good example of this is provided by Aristotle himself:

> Just as a living body is composed of parts which must grow proportionally if balance is to be saved, since otherwise it would be destroyed (if for example the foot of an animal were 4 cubits [1.78m] and the rest of its body two spans [.44m]; the species may even change to another one if this disproportionate growth is not only quantitative but also qualitative), so a city also is composed of parts one of which often grows without being noticed, for example the mass of the poor in democracies or polities… (cited in Pellegrin in (Shields 2012)

In contrast to this, the liberal focus on the agents’ self-interests creates an imbalance as it ignores the evolution that occurs at the polity’s level that concerns about how the individual should come to understand their “true” interests, or to use the famous words of Alexis de Tocqueville, “self-interest rightly understood”. The republican school views all aspects of society and life with a view to the “whole” whether this is “health”/”good society” or the opposite – corruption. The liberal view is the flip side of the same coin, where the individual reigns supreme, where all issues are viewed at the individual level, e.g. health, ‘good society’ or corruption. In sum, the republican approach views politics as a way of life and not as something separate from the private realm.

As mentioned earlier, the focus of “I” versus “we” is one that trickles into the various understandings of politics, whether this is liberty or corruption that exists in both schools of thought. In liberalism where the focal point is the individual, liberty is also assessed at the individual level, where the tension that exists is between the individual versus the political state. There is a constant suspicion that the authorities (the collective) want to usurp upon the individual liberty. Some scholars have gone as far as to criticise liberalism as not actually having a concept of what the good life constitutes. As pointed out by the prominent communitarian philosopher Michael Sandel, “…my objection to liberalism is not that it emphasises individual rights but that it seeks to define and defend rights without affirming any particular conception of the good life” (Sandel 1999, 210).
On the other hand, republicanism understands liberty as a balancing act as well, where “common liberty” is weighed against “individual liberty.” Shumer is one of the main scholars that focus on pointing out Machiavelli’s effort of maintaining the importance of “public liberty” in tension with “individual” liberty,

…common liberty rests on the respect and acceptance of the liberty of all. The phrase ‘common liberty contains the senses: first, that men live and act together in a political community; second that each expresses his individuality in his political action; and third that these two conflicting factors must constantly be held in tension (Shumer 1979, 14).

Once again, in Republicanism, it is the acceptance of the existence of both public and individual liberties that is seen as creating the best outcome. The tension, it is argued, brings forward the best balance that serves as the basic ideal for the “good society”.

An interesting development in the scholarship surrounding republicanism is how liberalism has penetrated its understanding. A good example is the definition of republicanism provided by the Stanford Encyclopaedia of philosophy. In this Lovett (2011) provides the reader with the contemporary definition of republicanism, pertaining to be understood as political liberty. The article divides the republican scholars into groups: Scholars such as Machiavelli are termed classic republicanism, and the contemporary scholars exploring republicanism are labelled as civic republicanism. What is of interest, is that this contemporary civic republicanism draws on political liberty mainly in reference to the individual, the “I”, reiterating the liberal stance where the individual/private is of central importance.

In contrast, the scholars that explore republicanism as political liberty in reference to the collective have been neatly labelled as civic humanists (such as the well-known republican Hanna Arendt). This separation effectively divorces the original understanding of republicanism – where the collective is above the individual - blurring the distinction between the two political philosophies; a danger where modern republicanism is now in lieu with liberalism.

Dagger not only encourages this overlap but clearly aims to create a category of its own, a hybrid that focuses on the similarities of the two political theories “…we should pause to
consider whether republicanism and liberalism share enough features to make a hybrid possible, perhaps in the form of a ‘more civic-minded liberalism’ that might be called republican liberalism” (Dagger 1999, 210).

This search for similarities between republicanism and liberalism negates the opportunity to critically assess the flaws that exist in today’s political science realms. Instead of labelling the critics as civic humanists, the scholarly realm should take heed to Shumer’s (1979) advice and utilise this political theory to re-assess the current state of affairs from the view of “outside” eyes, in order for us to improve the current political theories that we utilise (Shumer 1979, cf. Sandel 1999).

**Corruption through republicanism vs. liberalism**

Unlike today’s liberal understanding of corruption, the republican school of thought, developed by Aristotle, explores this “dysfunctional” character of corruption which is rooted in the relationship between politics and philosophy, “sophia and phronesis,” effectively politico-moral understanding of corruption. Aristotle viewed government as a duality, good vs. bad, corruption versus virtue - a balancing act where governance was not examined in isolation on any single matter but viewed in context of duality, allowing this to serve as the balance. According to Euben, Aristotle adopts a moral definition of corruption, as he defines the concept in his “Politics” (Euben, in Ball, Farr, and Hanson 1989, 227):

This definition - “When a constitution systematically falls short of the paradigms of action, character, and justice which give it unity and definition, it is corrupt.” – is propounded in connection to what Aristotle understood as the “good society” or ideal regime, which will lead to the society’s ultimate goals of virtue and happiness, because states exist for virtue and happiness. It is in reference to this idea that corruption is conceptualised where corruption and virtue form the basis for good/bad government thereby creating a duality. Therefore, in order to understand Aristotle’s conception of corruption, it is imperative to have a “correct” understanding of what constitutes the “good society.” According to Aristotle there are six main characteristics (from Heidenheimer, Johnston, and Le Vine 1989, 227-229);

1. Citizens share in the administration of justice
2. All commercial transactions subject to moral purposes of household management, towards the moral ends of polis.

3. Plurality of contributions and points of view.

4. Equality – “…what matters is that equals be treated equally and unequals be treated unequally.”

5. Private interests or associations subordinate to higher more inclusive public interests and associations

6. Citizens are soldiers and soldiers are citizens

As Euben points out, Aristotle was concerned about the moral quality of public life. The very first pillar reinstates the importance of the philosophical stance of morality, singling together morality and politics, where effectively a polis is a partnership in virtue shared between citizens. The strand of morality in understanding the concept of corruption is followed through in each and every pillar where the collective good is viewed as superior to that of the individual and political action is always weighed against the virtue of the society. This is evidenced in the second condition, where, faithful to duality, the condition is followed by an explanation of what corruption would be: “…a corrupt city is one where gain is valued over friendship, private interest valued over common good, and materialist ideologies and motives are the animating forces of individual and collective life.” The collective or common good (“moral ends of the polis”) is weighed above that of the private/individual – the importance of which is highlighted by the third condition, an issue further elaborated by Euben:

Each citizen must be committed to the common good but this needs to be viewed through different eyes. It is the shared view that becomes the basis for ‘mere difference to become recognised as diversity. (in Ball, Farr, and Hanson 1989, 228)

Once again, two opposites provide the basis for a healthy society in order to create the desired balance. On the other end, a corrupt society would be one where there is politics without community or a community without politics. Understood through the lens of Aristotle’s “good society”, corruption constitutes that which goes against the moral well-being of society, that is, a situation which ultimately contradicts the “common good” (as decided by the collective). The end result of this is injustice. Through this duality approach, Aristotle attempts to combine the exoteric (that is the material) with the esoteric (whether this be argued as philosophy or religion) in the form of morality – that is the philosophical wellbeing of the society, when
assessing how best to achieve the idea of “good government.” Ultimately, a corruption free society is a public good, in Aristotle’s own words:

In all sciences and arts the end is a good, and especially and above all in the highest of all – this is the political science of which the good is justice, in other words, the common interest.” (p. 125 in Politics)

In essence, the common interest not only elucidates the absence of corruption but also brings to fore the common interest to be justice. It is this inclusion of philosophy and politics on one plane that is missing in today’s political science discussion surrounding the concept of corruption, rejected on the basis of the approach being “moralistic and subjective” (You 2007). The present discussions utilise a liberal approach, in an attempt to “develop a politically neutral, methodologically respectable, operationally viable definition of corruption” defending itself as objective, where “empirical examination is certain to contribute more to an understanding of political corruption than the roundest condemnation.” (Euben 1989, 243) It is the understanding of this paper that a return to the republican understanding of the concept of corruption is necessary, on the very grounds that the liberals reject it – it is subjective and moralistic. However, it is only when the philosophical and the political science are married that a deeper and more solid understanding will be reached of what corruption truly is. By rejecting the republican understanding as “moralistic and subjective” the liberalist approach not only reverts the focus solely upon the individual, it also distances itself from the moral foundations of the republican idea of corruption. A problematic consequence of this is that the liberalist approach ultimately distances itself from the idea of justice being a collective value – one that is decided by the society. This would be as if we would remove the issue of human rights from the idea of intrinsic rights and instead locate them in conceptions of self-interest. As stated by Euben:

The more principles, contributions and points of view a polis includes without losing its coherence or vitiating its moral end, the more it becomes a whole, the same way that the more experience and previous thought a theory takes into account the more impartial it becomes. (in Ball, Farr, and Hanson 1989, 229)

As the above quote clarifies, the reason why the republican understanding of the concept of corruption needs to be brought back into the academic debate is not only to bring in “previous thought”. Instead, the reason is to gain an understanding of what, in an increasingly globalized
world, could be commonly seen as the “good society”. As argued by Amartya Sen (2009), it is upon such shared norms of human well-being that the concept of justice must be founded and this must ultimately be based on a set of moral arguments that are different from atomistic individuals pursuing their self-interests. The foremost example of which are the human rights laws which are rights intrinsic to being human, whether or not one’s state has signed up to the UN’s Human Rights Declaration. The main contribution of the republican school of thought to the corruption debate is the insight of the complexity that surrounds the concept of corruption. That it is a concept that has constantly been rooted in politics, the understanding of which has evolved according to the values that we associate to our ideas of present morality and justice.

A Universal Concept?

As is shown above, the past two decades’ upsurge of research surrounding the concept of corruption has resulted in the problem of “over-definition” that is now recognised as an acute problem (Deysine 1980). One can say that the most prominent gap in the corruption literature is the lack of a unified concept (Deysine 1980, Andvig et al. 2001). Effectively, as pointed out by the Council of Europe “no precise definition can be found which applies to all forms, types and degrees of corruption, or which would be acceptable universally as covering all acts which are considered in every jurisdiction as contributing to corruption.” (Pearson 2001, 6). As Pitkin points out, in political science we shouldn’t expect there to be a “single, unifying, consistent rule that fits all cases” (1981, 93).

This poses many problems one of which is bringing together the different forms of corruptions; such as for example clientelism, patronage, nepotism and patrimonialism onto one comprehensive analytical landscape. Philosophically, concepts such as these all share a “core” with corruption which appears to be the reason justifying why these are constantly examined hand in hand (Kotkin and Sajó 2002, Kawata 2006, Kitschelt and Wilkinson 2007). It is perhaps in lieu of this that scholars have attempted to identify a “core” that can be pinned down, which binds these different forms of corruption together, thereby going beyond the cultural or relativist understandings that tend to dominate within much of the empirical research. The purpose of the following section is to analyse to what extent a “core” or
universal concept of corruption exists on a philosophical level that would connect the various forms of corruption; such as clientelism, patronage, patrimonialism, particularism and state capture.

**Is there a “core” to the concept of corruption that is universal?**

“Any attempt to analyse the concept of corruption must contend with the fact that in English and other languages the word corruption has a history of vastly different meanings and connotations.” (Heidenheimer and Johnston 2002, 3)

The quote above highlights that corruption is a relativistic concept where culture, history as well as language plays a role in how the term is understood. It ignores the fact that corruption seems to be something that all societies shun and that it is not confined to the more complex/modern/western ones. In Latin the word is “corrumpere” meaning (decay) whereas for example in Urdu, the word for corruption is “be-imaan”, literally translating to ‘without conscience.’ All languages may not share the same or similar term for corruption, however the underlying concept and the general understanding is what has remained the ‘red thread’ within societies. This is well illustrated by Kotkin and Sajo:

Even if the code of certain societies emphasises the importance of gift-giving, including public transactions, it is clear that such gift rules do not rule out the concept of impermissible levels of gifts or a disregard of public duties. A gift culture does not exclude either the concept of public trust or the breach of rules in exchange for impermissible advantages. Furthermore, because of increased intra- and inter-societal communication and exchange, the chances of a universal understanding and condemnation of actual practices have increased (p. 30)

This highlights a truth that appears implicit within the research as well as policy circles – that there is a universal understanding of what corruption constitutes even if all languages do not share the identical term. Like Karklins points out, there may be a difference in the way corrupt acts express themselves but that does not change the core meaning of the concept (2005, 6). This point is particularly relevant to the discussion that has erupted concerning the issue if the increased anti-corruption effort from many international organizations is to be seen as hiding a
The development of the international anti-corruption regime since the late 1990s has not been without its critiques. One point that has been stressed in this critique is that the international anti-corruption agenda represents a specific western liberal ideal that is not easily applicable to countries outside that part of the world (Heidenheimer 2002, Bukovansky 2006, Bratsis 2003). There are at least two arguments against this type of relativistic conceptual framework. The first is normative and based on the similar discussion in the areas of human rights and democracy. First, the right not to be discriminated by public authorities, the right not to have to pay bribes for what should be free public services and the right to be treated with “equal concern and respect” from the courts are in fact not very distant for what counts as universal human rights. For example, for people that do not get the health care they are entitled to because they cannot afford the bribes the doctors demand, corruption can result in a life-threatening situation. The same can occur for citizens that do not get protection by the police because they do not belong to the “right” group. The second reason against a relativistic definition of corruption is empirical. Although the empirical research in this area is not entirely unambiguous, most of it points to the quite surprising result, that people in very different cultures, seem to have a very similar notion of what should count as corruption. Survey results from regions in India and in Sub-Saharan Africa show that people in these societies take a very clear stand against corruption and understand the problem in the same manner as it is understood by for example organizations such as the World Bank and Transparency International (Afrobarometer 2006, Widmalm 2005, 2008, see also Miller, Grødeland, and Koshechkina 2001 as well as Nichols, Siedel, and Kasdin 2004;).
majority of respondents in countries severely hit by corruption, such as Kenya and Uganda, deemed all three acts both wrong and punishable (see figure 1 below).

**FIGURE 1. MORAL APPROVAL OF CORRUPTION IN TWO AFRICAN COUNTRIES**

As can be seen, it is only a small minority of the respondents who find that such acts as “not wrong at all” and the group that finds them “wrong but understandable” is also small. Widmalm (2005, 2008) finds similar results in a survey study of villages in India. Although, in reality an absent figure in these villages, Widmalm finds that the Weberian civil servant model (impartial treatment of citizens disregarding income, status, class, caste, gender, and religion), has a surprisingly large support among the village population. In other words, the idea put forward, by among others Heidenheimer (2002), that the public acceptance of what is commonly understood as corruption varies significantly across cultures does not necessarily find support here.

The reason why people, although condemning corruption, participate in corrupt practices seem to be that they understand the situation as a “collective action” problem where it makes little
sense to be “the only one” that refrains from using or accepting bribes and other kick-backs (Karklins 2005, Persson, Rothstein and Teorell 2012). As Gunnar Myrdal stated in his analysis of the “soft state” problem, in relation to developing countries already in the 1960s, “Well, if everybody seems corrupt, why shouldn't I be corrupt” (Myrdal 1968:409). In his anthropological study of corruption in Nigeria, Jordan Smith (2007:65) concludes that “although Nigerians recognize and condemn, in the abstract, the system of patronage that dominates the allocation of government resources, in practice people feel locked in”. It makes little sense to be the only honest policeman in a severely corrupt police force, or the only one in the village who does not pay the doctor under the table to get ones children immunized if everyone else pays (Persson, Rothstein & Teorell 2012). This may also be caused by a distinction pointed out by Bauhr between “need” corruption, which she defines as paying a bribe to get a service (like health care) that you are legally entitled to, and “greed” corruption which is demanding a bribe for a service that you otherwise would not give although it is your legal obligation to do so (Bauhr 2012).

In his classic study of clientelism and particularism in southern Italy, Banfield (1958) found that it made perfect sense to all the family in the village of Montegranesni to be amoral familists since everyone was expected to be or eventually to perform according to this social template (Banfield 1958). The spatial universalism of corruption increases theoretical depth when considering that even temporal approaches to this phenomenon have provided similar conclusions. Analyses of what counted as corruption in very distant pasts, such as the Roman Empire or XIII century France; give the impression of not being different from contemporary notions of the concept (MacMullen 1988, Jordan 2009).

The attempt to identify a core concept of corruption that can be applied universally has been present in the literature. Friedrich was one of the earliest scholars to venture onto this path, identifying that a core meaning emerges from an overall analysis of the different meanings, offering a definition of corruption as “a kind of behaviour which deviates from the norm actually prevalent or believed to prevail in a given context, such as the political” pointing out that what matters is private gain at public expense (Friedrich 1972). The definition has been criticised as too broad, reflected also by Heidenheimer’s contemplation of “corruption” having
lost meaning, so much so that the replacement of the word was suggested – that was to replace it with the word “graft” (Heidenheimer, Johnston, and Le Vine 1989, 12). However, the changing of the term did not solve the problem. Instead, it was the lack of unity within the field itself as to what the concept means, resulting in the continued search for a concept that can carry that core meaning without being lost in translation. This should also highlight the importance of formulating a universal concept that refers to the core characteristics of corruption.

Another example of this is Karklins (2005) work, where corruption is identified as a structural problem of post-communist transition states in the form of clientelism. Karklins identifies the “core” as “misuse of public power for private gain” defending it to be a definition that is culturally neutral where the underlying injustice is seen as the same everywhere (see also Sajo 2003). In another attempt, Philp sets out five core criteria in order to recognise political corruption:

1. A public official (A)
2. in violation of the trust placed in him by the public (B)
3. and in a manner which harms the public interest
4. knowingly engages in conduct which exploits the office for clear personal and private gain in a way which runs contrary to the accepted rules and standards for the conduct of public office within the political culture
5. so as to benefit a third party (C) by providing C with access to a good or service C would not otherwise obtain.

The shortcomings of the above core values are that they are only applicable in a setting where the political culture is clearly shared and rules governing the conduct both of public officials and members of the public in their dealings with these officials (Philp, 2002, 43). Diego Gambetta is yet another scholar that has proposed a core definition of corruption. He argues that corruption need not be unethical, inefficient or illegal (Gambetta 2002, 26). On the other end of the spectrum scholars such as von Alemann regard the search for a universal concept as the academic Holy Grail, that is, something which is ultimately unattainable. In lieu of this, Alemann presents a multi-dimensional approach that takes into account five different approaches; its historical development (corruption as social decline), the sociological understanding (corruption as deviant behaviour), the legal and economic perspective
(corruption as logic of exchange), corruption as a system of measurable perceptions and corruption as shadow politics (von Alemann 2004, 26). This approach argues that corruption is an ever changing concept, helping to view it within its social settings. However, this ignores the “core” understanding that is shared universally, i.e. the underlying current for corruption being condemned in almost all known societies.

Returning to Karklins’ earlier defence of a core meaning centred around injustice, a strand of research centred on justice has developed where the angle of injustice/justice has been taken up as the core meaning with the attempt to conceptualise corruption with a maximal definition (Gerring 2012). One of the scholars that examines this maximal definition is Genaux, who forwards the proposition of the relationship between rulers and ruled (government and citizen), in every age to be centred around justice. In this relationship of ruler and ruled, the idea of justice is the main duty expected from the political leaders where “corruptio started to designate the set of unjust deeds committed by the holders of supreme public offices” (Génaux 2004, 21). Putting forward the politico-moral angle of corruption as injustice, the term corruption refers to unjust deeds committed by holders of power. Concluding that a basic core meaning of corruption does exist which in its figurative sense has long meant, and still means, injustice, Génaux states that:

> In my view there does exist “a basic core meaning” of the word and it encompasses Friedrich’s definition: ‘corruption’, in its figurative sense, has long meant, and still means, injustice (Génaux 2004, 22)

This not only reinforces why the technical sense of corruption cannot be understood without the rich polysemy of the term, but also highlights the republican understanding of corruption as a collective action problem wherein a corruption-free society is a public good.

**The public goods approach**

One way to understand why there seems to exist a universal understanding of what should count as corruption despite its enormous variation both in types, frequency and location, is what we would call a *public goods approach* to this problem. In all societies/cultures, in order to survive, all groups of people have had to produce at least a minimal set of public goods such as security measures, a basic infrastructure or organized/collective forms for the
provision of food. As Fukuyama (2011:29ff) has argued, the very idea proposed by rational choice oriented contract theorists that we as humans started out as atoms in a state of nature and then decided to rationally accept a “social contract” is highly misleading. On the other hand, Malkin and Wildavsky (1991) developed the proposition that public goods are public only because it is the society that makes them so to some particular aim (see also Mansfield 1980; Douglas 1989).

The very nature of a good being “public” is that it is to be managed and distributed according to a principle that is very different from that of private goods. The public good principle implies that the good in question should not be distributed according to the private wishes of those who are given the responsibility for managing them. When this principle for the management and distribution of public goods is broken by those entrusted with the responsibility for handling the public goods, the ones that are victimized see this as malpractice and/or as corruption. This is why corruption is a concept that is related to the political and not the private sphere and why it is different from (or a special case of) theft and breaches of trust in the private sector.

Much of the confusion about cultural relativism in the discussion, about what should count as corruption, stems from the issue that what should count as “public goods” differs between different societies and cultures. For example, in an absolutist feudal country where the understanding may be that the central administration is the private property of the lord/king, this state is not seen as a public good. In many indigenous societies with non-state political systems, local communities have usually produced some forms of public goods, for example for taking care of what Ostrom (1990) defined as “common pool resources” which are natural resources that are used by members of the group, but which risk depletion if overused. Such resources are constantly faced with a “tragedy of the commons” problem and is thus in need of public goods; in the form of effective regulations to prevent overuse leading to depletion.

Our argument departs from the idea that it is difficult to envision a society without some public goods. The point is: when these public goods are handled or converted into private goods, this is generally understood as corruption; independent of the culture. A conclusion that
follows is that we should not expect people in developing countries, whether indigenous or not, to have a moral or ethical understanding of corrupt practice that differs from for example what is the dominant view in western organizations like Transparency International and the World Bank, or as it is stated in the UN convention against corruption. Instead, what may differ is what is understood to fall within the public goods category. An example could be the case in which there is not a system for taxation, still there are certain individuals that have been selected to perform functions as arbitrators or judges. These functions are to be understood as public goods because it makes it possible to solve disputes between village members/families in a non-violent way. These arbitrators may, in several cases, receive gifts from the parties involved for their services. Such gifts may, for a westerner, look like bribes, but they are usually not seen as bribes by the agents, who make a functional distinction between bribes and gifts (Sneath 2006; Werner 2000). The reasons for why they are not seen as bribes by the local villagers are: a) the gifts are publicly given, and b) there is a culturally defined level for how big such gift can be. This implies that the gift is to be seen as a fee for a service, not a bribe. It would only be a bribe, and seen as such by the local populace, if it was given in a way to influence adjudication by favoring one party over another. In this case the public good is converted into a private one and it is this which is perceived as corruption. Understanding corruption in this public goods approach can thus serve as a solution to the relativism – universalism puzzle that has plagued discussions about this problem for a long time, especially in the lights of anthropological reservations on applying the dichotomies public-private, moral-immoral.

**The Core Unveiled?**

Carrying forward justice as the “core” within the framework provided by Heidenheimer’s three understandings of corruption (i.e. public office, public interest and public opinion) Kurer (2005) as well as Rothstein and Teorell (2008) utilise the subjective standard of public opinion to forward the “impartiality principle” whereby a state ought to treat equally those who deserve equally. In order to further elaborate on the proposition of corruption as partiality (effectively injustice) it is important to first set out what the impartiality principle entails.
As stated by Brian Barry: “A theory of justice cannot simply be a theory about what justice demands in this particular society but must be a theory of what justice is in any society” (Barry 1995, 6) In a similar lieu, the core idea of corruption in one society relates to the core idea of corruption in any society. As has been indicated above there is a strand of literature that links corruption to injustice, Kurer (2005) links corruption to injustice via the impartiality principle.

A more direct linkage of corruption to injustice has been done by You (2007) in relation to corruption as a normative theory. Accordingly, if impartiality is justice, then corruption (i.e. partiality or favoritism) must be injustice. As stated by Goodin (2004, p 100), “the opposite to justice is favouritism”. This would translate into the universal understanding of corruption as injustice or favouritism and equating impartiality as justice. This is in principle a conceptualization of corruption that is applicable to any society thereby removing it from the cultural/relativistic arguments and reinforcing its universality (Rothstein & Torsello 2013).

Thus, corruption can be defined as “a holder of public office violating non-discrimination norms in order to gain a private advantage” (Kurer 2005). Kurer links the idea of corruption to discrimination via the impartiality principle where the impartiality principle is operating within an environment where specific rules based on non-discrimination norms prohibit certain types of discrimination, effectively linking non-discrimination rights to distribution rights and obligations. One may ask what set of non-discrimination norms currently exist. The most well established non-discrimination norms that currently exist are found in the United Nations Universal Declaration of Human Rights.

**Corruption and Human Rights**

One of the “black holes” in the intellectual discourse about corruption is the lack of analysis about the relationship between corruption and human rights. Scholarship that does explore the nexus of corruption and human rights has been limited to legal scholars and the policy-world which has translated into various policy documents by various anti-corruption organizations (Rotberg et al. 2009; Carmona 2009; Rajagopal 2006; Gathii 2009; Pearson 2001). The result of the scholarship produced by these legal scholars has been a more “people focused”
approach where corruption is linked to specific rights that are violated by various instances of corruption (Rotberg et al. 2009; Gathii 2009). This differs from the traditional focus upon the State and how corruption disables a State from meeting its obligations to “respect, fulfil, and protect the human rights of its citizens” (Gathii 2009, 197).

As Carmona (2009) point out, the frameworks of corruption and human rights are mutually reinforcing – where the human rights framework’s rights-based approach is useful because its language and tools focus on codified rights as well as on discriminatory structures (cf. Rotberg et al. 2009). The argument is that this rights-based approach can help raise awareness for citizens to realise the danger of corruption by making it much more personal if translated as a human rights-issue. This may also help in establishing a zero-tolerance policy towards corruption.

On a legislative/policy level, the human rights framework is one that is well established, unlike, the comparatively new, anti-corruption legislation and policies. This means that the human rights approach could help reinforce the importance of a zero tolerance of corruption. Another advantage is that a human rights approach could provide an additional accountability mechanism for citizens to seek redress when their human rights are infringed by acts of corruption; simultaneously establishing heightened awareness within states’ citizens of the real dangers of corruption. However, criticism has also been raised in regard to the human rights and corruption nexus.

As Ghaithi (2009) points out in a case study of Kenya, human rights issues are sometimes invoked as a method to circumvent corruption charges raised against individuals (in this case prominent politicians). Paradoxically, this leads to a situation in which the human rights issue is aiding corruption to flourish. On a theoretical level, one common strand within the scholarship surrounding the corruption/human rights nexus is the need for a republican approach to the subject matter, evidenced by the common strand of requiring citizen activism, where politics is a way of life, translating into the people being the state. According to Ghaithi (2009, 129), this “…require citizens to be actively involved in monitoring these institutions to ensure that they are acting consistently with a vision of the social good rather than the interests of a select few.”
Corruption as the Connecting Core

As mentioned earlier, a problem for the “over-definition” of corruption is how to bring together the different forms of corruptions, such as clientelism, patronage and patrimonialism onto one analytical landscape. These concepts all share a “core” with corruption, which is why they constantly are examined hand in hand (Kotkin and Sajó 2002, Kawata 2006, Kitschelt and Wilkinson 2007).

Corruption can be viewed as an umbrella concept that links together concepts of clientelism, patronage, state capture, particularism and patrimonialism. When surveying the literature surrounding these concepts, rough patterns as to the application of these concepts geographically appear. Clientelism seems to be the main form of corruption found in transition countries of Southeast Asia and Latin America as well as in post-communist states.
Patrimonialism appears to be the form of corruption that dominates in the African continent and patronage is the form of corruption that is found in both developing and developed countries. However, in relation to developed countries, patronage is a form of legal corruption that appears to go hand in hand with “machine politics” and the mass party. All these concepts stand for different types of corruption that are not explicitly labelled as such. However, they are within the literature treated in the same theoretical space, creating confusion as to what distinguishes them. As Hilgers points out,

A concept should be catchy, intuitively clear and hold to the established characteristics with which it is associated. It should be expressed according to a core characteristic, on which secondary characteristics depend (interdependence) and be easily identifiable with its empirical manifestations (Hilgers 2011, 569)

All of these secondary concepts can be argued to be the causes of “real” or “true” corruption. They are, however, established concepts in their own right that have a certain degree of overlap with corruption which is not fully explored or explicitly stated within the literature. Therefore, the attempt of this section is to fill this gap by first delineating the different conceptualisations of these forms of corruption (clientelism, patronage, patrimonialism, state capture and particularism) as concepts in their own right (describing the “core” elements of each), followed by an analysis of the evolution of each respective concept parallel to corruption. Finally, we will analyse the overlap that exists between each of them and corruption.

**Clientelism**

Clientelism, like corruption, has a very negative image. Similar to corruption, clientelism was first viewed as a phenomenon mainly present in developing countries such as in Latin America and Southeast Asia as well as countries in transition (Landé 1983). Clientelism was developed as a conceptual tool for understanding traditional societies (as is evidenced by the initial anthropological and sociological case studies) where patron-client relationships were observed as social structures. Seen from the lens of modernisation theory it was assumed that it was a phenomena that would eventually dissipate once a society began to modernise (Hilgers 2011,
This, however, has not been the case. Instead, as research on the subject has increased, it has become apparent that clientelism is not confined to a certain evolutionary continuum of states’ development but is a phenomenon found in both developing and developed countries and at different levels within societies and in various forms. The forms vary from the basic understanding of how political systems work with secondary concepts such as pork-barrelling and special interest politics in a Western country such as the United States (Hopkin 2006, 3). As van de Walle aptly summarises “clientelism exists in all polities. The form it takes, its extent and its political functions vary enormously, however, across time and place” (van de Walle 2000, 50).

In order to understand how and why clientelism is so closely associated with corruption it is important to first define what clientelism actually is. According to Hopkin “political clientelism describes the distribution of selective benefits to individuals or clearly defined groups in exchange for political support” (Hopkin 2006, 2). Muno defines clientelism as a type of informal institution “clientelism is a social relationship based on informal rules” (Muno 2010, 3). The term has served varied uses – serving as shorthand for systems, institutions, or individuals that are somehow less than ideal (such as clientelistic party system, clientelistic political party or a clientelistic politician, Hicken 2011, 290). The wide and diverse application of the term has resulted not only in confusion and controversy (Hopkins, 2006) but also in blurring the concept to an extent that, in Tina Halters (1999) words “clientelism is no longer clearly differentiated from neighbouring terms, making it a poor concept difficult to operationalize and to use for theory building”.

Effectively, there is no single agreed upon definition for what exactly constitutes clientelism (much like corruption). However, there is a set of “core” elements/characteristics that forms the core concept of clientelism on which these definitions build upon; dyadic relationships, contingency, hierarchy and iteration.

The Dyadic relationships
With its roots in sociological and anthropological studies of traditional societies, the initial focus of clientelism was on the dyadic social relationship between the patron and client at the micro level (Landé 1983). A patron is someone who uses resources (both material and
immaterial) he owns or controls and which are available to the client under certain circumstances. These can include assistance, protection, opportunities for career advancement and of course money. The client typically gains access to these resources by showing political support – many times in exchange for ones’ vote or otherwise such as helping improve the patron’s reputation. The emphasis, as Hicken elaborates (2011), was on the face-to-face interactions between the patron and client, reinforcing a “personal” and yet “instrumental friendship” (Scott 1972) between both parties. This dyadic relationship was expanded by many scholars to include brokers, which makes clientelism into a triadic relationship.

Weingrod (1968) conceptualised the difference between traditional dyadic relations and modern party-directed clientelism being one of the first to allude to explicit variables and forms of clientelism. This new model changed the patron-client relationship to be viewed as patron-broker-client relationship (Weingrod 1968, Muno 2010, Kitschelt and Wilkinson 2007). In this relationship the broker acts as the go-between to patron and client; a middleman that arranges exchange of resources between the two parties that may be separated by geographical distance or perhaps in situations where one patron has multiple clients. As Kettering (2006) explains, brokers use resources that he does not directly control himself. More importantly, brokers play a multifaceted role when playing client to the patron (patron-broker) and patron to the client. The core of this triadic relationship, it is argued, is still the dyadic relationship, where, instead of the direct patron-client, the dyadic relationship between patron-broker and client-broker is paramount (Kettering 1988, 426).

The brokerage model evolved in response to the “levels of analysis problem” which had earlier been one of the main shortcomings identified in the literature (Kaufman 1974). This resulted in a model that could extrapolate the dyadic relationship from the micro to the macro levels of analysis; where the brokerage model is utilised in analyses of macro scale (with the political party as the patron and the voters as clients), while the dyadic is best suited for the micro-sociological levels. A parallel pattern that can be observed within the literature is the utilisation of the dyadic model for analyses of developing countries whereas the triadic model is utilised to analyse the presence of clientelism in the more established democracies such as Italy (Caciagli 2002).
Contingency
The second core aspect shared by most definitions of clientelism is that of reciprocity – i.e. the quid pro quo nature (tit for tat) of the relationship (Roniger 2006, Hicken 2011, Kettering 2006). The delivery of a good/service by either patron or client is contingent upon the delivery of such from the other, whether in the present or in the future. One of the many descriptions of this reciprocal feature of the relationship is that offered by Kaufman,

It is based on the principle of reciprocity; that is, it is a self-regulating form of interpersonal exchange, the maintenance of which depends on the return that each actor expects to obtain by rendering goods and services to the other… (Kaufman 1972, 285)

The patron supplies goods/services/jobs in exchange for political support (most often in the form of the client’s vote). The politician delivers benefits to the clients that support the politician and the client supports the politician that delivers on his/her promises. In the clientelistic relationship there are always strings attached.

The type of good or service exchanged can vary from material (ranging from cash to something as random as cutlery) to nonmaterial benefits such as protection, education, healthcare, or admission to a school (Muno 2010). The exchange however does not have to occur simultaneously, there can be a time lag where the exchange may be completed in the near future. A client may have voted in favour of his patron upon the promise of receiving certain benefits once the patron is voted into office. This results in two imperative aspects of the clientelistic relationship. Firstly, the need for each party to monitor and sanction the other, as well as an implicit trust between the two, which is strengthened by the on-going nature of the relationship (iteration).

Iteration
Iteration is the one aspect that sets clientelism apart from other exchange relationships that relates to corruption. The relationship between the client and patron is an on-going one. This is shown by the fact that the exchange does not have to take place simultaneously. This “future” aspect has important implications. It creates a situation where the “future” is considered in the relationship which is different from a one-time payment of a bribe. Effectively each party has the opportunity to establish its reliability. This repeated interaction not only reinforces social norms of reciprocity but also results in an element of trust between both parties. Furthermore,
the iteration aspect provides opportunities for predictability and monitoring for both parties (Eisenstadt and Roniger 1984: 48-9, also Piattoni 2004). After an election a client can monitor if the patron fulfilled their election promises (upon which the client had voted for the politician/patron). If the politician has delivered on the promise then the client will vote for the politician again. The same goes for patrons, however due to the nature of voting, if the ballot is secret, the politicians will only be able to tell whether specific local groups of voters kept their promise to vote for them or not. In the same way, “repeated interactions over time allow politicians to observe which voters keep their promises and which voters can be swayed, and calibrate the size of offer needed to sway the voters” (Hicken page 293).

Hierarchy
Hierarchy has been a central feature in defining clientelism. Roniger (2006:353), for example, defines clientelism as “involve[ing] asymmetric but mutually beneficial relation-ships of power and exchange, a non-universalistic quid pro quo between individuals or groups of unequal standing.” Caciagli (2002) further elaborates the asymmetry of the relationship between patron and client defining clientelism as “informal power relations between individuals or groups in unequal positions, based on exchange of benefits (cf. Kawata 2006, 157). Somebody with higher status (the patron) takes advantage of his authority and resources to protect and benefit somebody with an inferior status (the client) who reciprocates with support and services. The relationship can be both voluntary and coercive and based upon particular interests such as a common ethnicity (Habyarimana et. al. 2007). This asymmetry is reinforced by the patron-client relationship being described as “exploitative” and one of “domination” as well as diction that emphasises “obligation” and “loyalty” when describing the role of the client (Stokes 2007; Kitschelt 2000). Other scholars, such as Kettering, are more direct, describing the asymmetry “a patron is the superior and a client the inferior in an unequal, vertical, and reciprocal relationship” (Kettering (1988: 425).

Recently, the focus of research has shifted from hierarchy itself, to that of the shifting nature of hierarchy, or what some scholars label “old clientelism” versus “new clientelism” (Hopkin 2006, Kawata 2006). This refers to the shift in power from a vertical dyadic relationship to one which is horizontal; with the client in a much stronger position than before. A fitting case is that of Italy – where clients with higher incomes and living standards, effectively no longer
tied by the burden of “loyalty,” are able to shop for patrons; weighing what politician offers better stakes. As a result, Piattoni (2004) argues, patrons are now in a weaker position where clients choose to enter the clientelistic deal in order to get privileged access to public resources. This is what Hopkin (2006) refers to as “vote for exchange.”

Scholars such as Kitschelt and Wilkinson (2007) change the power dynamic when analysing clientelism through the lens of principal-agent, where the client effectively is the principal and the patron the agent, the client holding power over the politicians through their vote. This model could be useful in situations such as the case of Italy, where voters use their vote to shop for what patron can offer them a better deal. However in situations where the relationship is not voluntary and the relationship is entered upon as a coping mechanism by the client who needs access to public resources as basic as water and electricity, (e.g., a villager in a developing country dependent upon the local landlord), then this principal-agent model may be troublesome. In the latter situation the client is in the weaker position and asymmetry is blatantly apparent.

On the other hand, Muno (2010. 5) finds the principal-agent model to be a suitable tool for the patron –client relationship when applied to the brokerage system, “with the patron as the principal instructing the broker as the agent with the management of his affairs”. In these clientelistic pyramids (brokerage system), the hierarchal relationship is retained with the patrons situated at the top and the broker/agent in the middle with clients at the bottom.

The Overlap between Clientelism and Corruption

Figure 3

Clientelism

Corruption
Corruption and clientelism are different notions. Clientelism is a form of social organisation, while corruption is an individual social behaviour (where you are your own client, trying to play patron to yourself) that may or may not grow into a mass phenomenon. One can imagine clientelism without corruption, although the two often go hand in hand. In post-communist context, the two phenomena seem fused at the hip (Sajo 2003, 2).

As can be deduced from the above parsimonious Venn diagram, clientelism and corruption are two separate concepts that have an overlap, evidenced by the constant comparison/connection of them as shown by the abundance of research focused on comparing the two concepts (Kawata 2006, Della Porta and Vannucci 1999, Singer 2009, Kotkin and Sajó 2002). It is within the space of this overlap that they are confused. The overlap has different degrees; some scholars define clientelism as a structural form of corruption (Sajo and Karkalins 2004) where the overlap makes separation of the two concepts difficult (Sajo 2003). A lighter degree of overlap focuses on the general comparison between the two, where the focus is on the similarities of the concepts in their own right as well as the overlap they share. Finally, others have tried to verify the link through exploring empirical similarities (Singer 2009).

The most difficult overlap between corruption and clientelism to explore is where clientelism is a type of corruption. This conceptual space is the prevalent one applied in the research to the studies of post-communist states, where clientelism is described as a structural form of corruption (Mungiu-Pippidi 2006). Here the concepts are dependent upon each other; with clientelism as a form of social organisation and corruption seen as a form of individual social behaviour. As a structural feature of a society it focuses on the social aspect of corruption. This dependency is further highlighted by the catch-22 model presented by Della Porta and Vannuci (1999), i.e. clientelism → increase of exchange votes → increases in the cost of politics → (supply of corruption) → availability of money for politicians’ incentives to buy votes → clientelism (cf. Kawata 2006, 13). The model points out clientelism as conducive to corruption.

As pointed out by Hicken, clientelism can drive corruption through three different paths. First, certain clientelistic exchanges can be outright illegal such as vote-buying (Hicken 2011, 303). Secondly, by “undermining the ability of citizens to hold public officials accountable”, Hicken
argues that clientelism may in fact be creating “a culture of impunity” within which it is harder to punish individuals for corrupt behaviour. Thirdly, as is demonstrated in the above model, the demand for resources (needed in order to facilitate an exchange between client and patron) could work as a driver for politicians to utilise corrupt ways to acquire more resources. A suitable example that demonstrates the overlap between clientelism and corruption is the Chinese practice of guanxi.

This ancient term refers to the informal institution of personal networks where a system of exchange exists around mutual services and the acceptance of a debt obligation. These networks are normally based on personal relations stemming from factors such as common village or region, having gone to the same school, being in the same association, having served in the same military unit (somewhat reminiscent of the fraternity culture prevalent in many developed countries such as the United States). It is said to be deeply rooted in the Chinese culture, strongly tied in with the concept of honour/ “losing face” where the debt obligation is ensured through ones social reputation, superimposed by the will to maintaining “face” in the group and with peers. If one were to obtain a favour through their guanxi network, and choose to not repay this debt, one would not only lose face in guanxi network but also risk losing access to this network as a whole; which tends to be part of one’s social networking as well. It is this informal institution that has been the focus of much of corruption studies centred on China, where guanxi is understood to be conducive to corruption. As the characteristics of guanxi networks share many of clientelist characteristics it is tempting to label guanxi as the Chinese form of clientelism (brokerage model). However, an aspect that is debated within the literature is the essential characteristic of hierarchy in a clientelistic relationship which is absent in the case of guanxi, the favour/service can be obtained from anyone. Pye (1981) argues that guanxi does not have a clear cut vertical relationship between the members of the network, explaining the hierarchy to be very subtle. On the other hand are Landé (1983:441) does not consider the vertical/horizontal to be such a decisive factor for the relationship to be clientelistic:

In my opinion there is no clear break between vertical and horizontal dyads, and their structural and behavioural similarities are more important than their differences. I use the term "horizontal dyadic alliances" simply
because the conventional term "patron-client relationship" connotes a vertical tie. Others may take a different view. (Lande 1983:441)

This strong overlap that presents itself where clientelism is considered conducive to corruption is empirically tested by Singer, whose findings point to this link being very weak (or even non-existent) “...we find no evidence that clientelism may potentially create an atmosphere conducive to corruption via its effect on the rule of law or political accountability” (Singer 2009, 14). Thus, there can be a high degree of clientelism without corruption but probably not high degrees of corruption without clientelism-

Turning to the lower degrees of corruption, scholars have focused their attention on the similarities between the two concepts in order to explain the overlap between them. First of all, both clientelism and corruption concern the crossover between the private and public realm. Corruption is the abuse/misuse of public office for private gain, similarly clientelism stems from the same root “its intention to generate ‘private’ revenue for patrons and clients and, as a result, obstruct ‘public’ revenue for members of the general community, who are not a part of the patron-client arrangement”(Kawata 2006, 4). The space of the overlap has been explained by various scholars, one of which focuses on the similarities between the two concepts. One of the main similarities is that the theories followed the same development path. At the outset both carried negative connotations– anthropologists focusing on clientelism, while political scientists were focusing on corruption. Both concepts were viewed as part and parcel of the development stages that states went through, effectively as phenomenon that would dissipate once a certain development stage was reached. Contrary to theory, both phenomena persisted in spite of economic development stages reached, resulting with them once again carrying the negative connotations as before (Kawata 2006).

Kobayashi (2006) forwards a list of similarities between the two; both exist universally (can be found at the international level as well as local levels), can be divided into the same typologies, both merge when measuring the scale of political corruption (clientelism is found at the realms of grand corruption), quantity and form of both changes according to time and region, these changes are due to both cultural reasons as well as socio-political systems, the
cultural effect is one that needs to be focused upon. Another similarity is found in the fact that measures of corruption are often used as proxies for the extent of clientelism (Keefer 2007).

Other scholars have focused on differentiating the two concepts, one example forwarded is by Muno, who compares corruption and clientelism with the example of a bribe being exchanged (Muno 2010, 7-8). The lack of personal element and the lack of continuity is an element of corruption which distinguishes it from clientelism. In cases of corruption, you do not have to know the “partner” since this can be an unknown policeman who receives bribe from a conductor in order to forge a ticket. Conductor and policeman may never meet again, whereas patron and client are tight-knit, the process is an iterative one.

Apart from the clientelistic/corruption overlap there is a further overlap that clientelism shares with patronage, where patronage and clientelism as terms are used interchangeably in the literature (Hilgers 2011). The strongest degree found where patronage is identified as a type of clientelistic exchange. The following section will first venture to define patronage followed by an exploration of the similarities of clientelism to patronage.

**Patronage**

A second concept that corruption is often entangled with is that of patronage. Patronage means different things in different disciplines. For the anthropologist it is a social relationship (Weingrod 1968) while for the political scientist, it is a way of governing; an “electoral tool” or an “instrument for managing political relations”. Other descriptions are “organisational or governmental resource” or simply “the ways in which party politicians distribute public jobs or special favours in exchange for electoral support” (Arriola 2009, Kopecky and Scherlis 2008, Weingrod 1968, 379). For the purposes of this report, the political science understanding of patronage is the one that will be utilised as it appears to be the one more suitable to contemporary usage; patronage is a particularistic exchange that takes place between patron and client, where the object of exchange is that of public office, i.e. patron offers public office to the client in exchange for electoral support/political allegiance/etc. More simply understood as, appointments to positions in the state (Kopecky and Scherlis
That which varies is the end for which patronage is exercised. The diversity of ends most often sought are neatly summarised by Souraf:

…The chief functions of patronage are: maintaining an active party organization... Promoting intra-party cohesion... Attracting voters and supporters... Financing the party and its candidates... Procuring favourable government action... Creating party discipline in policy making (Souraf 1961, 309-310)

In the literature patronage is associated as a phenomenon closely interlinked with the development stages of a state. Initially patronage, as a subject-matter, was characterised as a phenomenon pertaining to developing states. However, a closer look at patronage reveals the phenomenon to be present in almost all polities (van der Walle 2000) whether developing or not. The scale and form is what varies, the difference stemming from the purpose for which patronage is utilised, as well as, by who plays the role of patron. Therefore, the following section will elaborate on the different goals for which patronage is utilised; maximisation of votes, as a means to achieve a stable political landscape and finally – as a means to strengthen a state/organisation.

**Patronage as an electoral tool/resource**

It can be argued that the practice of patronage as an electoral tool (public office in exchange for votes), has remained the overarching goal of the patronage exercise. In the literature patronage as an electoral tool is ostensibly a matter of the development stages of the state, where the below relationship is applicable: (Golden 2000)

\[ \text{party/politician} \rightarrow \text{electoral support} \rightarrow \text{material benefit/office/position in state through state institution.} \]

This is the most basic form of patronage, most often attributed to developing states. The setting tends to be rural where the relationship is centred on the individual patron (landlord/politician) and villagers (citizens), most aptly exemplified by the ‘vote banks’ that form in developing countries. In these vote banks the patrons gain a strong following as individuals, so strong, that if the politician were to change political party, the vote bank
would ‘travel’ with the patron. Excellent examples of this type of linkage politics is provided by the vote banks that are formed in the Sub-Continent (Weingrod 1968, 380).

However, as Weingrod makes clear, the changing characteristic of the patron goes hand in hand with the development stages of the state, resulting in different applications of patronage. In this case from “traditional” to “mass” society; the new patron at this point is the political party and its clientele the “constituents” (voters). The exercise of patronage as an electoral tool in modern settings, by the political party, can be exemplified by the patronage exercised by political parties in the United States, more popularly known as party machines – where the relationship is shared between a party (or politician) and its party members or group of potential voters, i.e. linkage politics between the party and society (Scott 1972, Johnston 1979). A further example of patronage in modern settings, i.e. developed states, is the case study of Italy, where “…political patronage […] is typically offered exclusively to known or potential party loyalists, and it explicitly functions as one side of an exchange of public resources for votes” (Golden 2000, 11, cf. Golden 2003).

Patronage as a stabilising tool
A different use that patronage is applied for is the use of patronage as a stabilising tool. According to Arriola (2009, 1340) “the use of patronage as an instrument for managing political relations need to be explained” reasoning that “relatively little is known about the extent to which the distribution of patronage systematically affects political stability”. Arriola’s research centres upon the African continent in which context the use of patronage as stabilisation tool is found very much within the developing countries; where the hierarchy of citizen – political elite – top leader (aka “big man”), is very much intact. The literature has remained divided on the use of patronage as a stabilising tool, one school perceiving patronage as a source of instability due to its “distortion of economic policies and political institutions” (Arriola 2009, 1344) whereas the other end of the spectrum views it as a stabilising tool, arguing “the distribution of patronage could be used to pull together a heterogeneous elite and in this way build up institutions over the long term” (2009, 1344). By using state resources to “facilitate intra- elite accommodation” stability can be achieved Arriola, however, focus is on the political instability that occurs from “elite disagreement over the distribution of power and
resources” (2009, 1341). The importance of the political elites’ satisfaction is centred upon the ‘gap’ they fill within the political structure –typically as intermediary between the rulers and the public – as part of a patronage pyramid.

*Power is...arrayed through “a system of relations linking rulers not with the ‘public’ or even with the ruled (at least not directly), but with patrons, associates, clients, supporters, and rivals, who constitute the ‘system’ (Jackson & Rosberg, 1982, p. 19)*

The purpose of intra-elite accommodation is twofold; firstly, to decrease the risk of being ousted from office through extra constitutional means, but also ensuring less dependency on the loyalty of specific members of the political elite effectively spreading out the risk/eggs into many different baskets. Although Arriola (2009) focuses on the African continent, he points out this model to be useful in the context of non-African states as well – whether this be Asia, Latin America or the Middle East.

**Patronage as organisational resource/governance tool**

The form of patronage most related and researched within the context of developed states is that of patronage as a resource tool for governance, wherein the role of patron is played by the political party which uses patronage towards different ends.

One of the earlier studies focusing on this was carried out by Weingrod (1968), where he compares and contrasts how patronage as a governance tool is used in the so called traditional sense (between patron-client), versus the more the modern setting of party patronage. The focus is on how patronage’s character has evolved in relation to the transition from traditional to modern settings; in this case the change in patron, where the party now exercises patronage instead of a single patron per se. Within more primitive settings patronage can be utilised as a political tool for centralising a state, applicable to state structures – so called “cellular structures” such as federalist or decentralised ones, where the multiple layers effectively have “gaps” acting as the ‘space’ for patronage to emerge. The mediating function serves a practical function in settings where the physical infrastructure of the state may not be well established – e.g. a primitive transportation system. Weingrod provides a succinct description of the type of state fosters/accommodates different kinds of patronage:

…traditional patron-client ties can be seen to arise within a state structure in which authority is dispersed and state activity limited in scope, and in
which considerable separation exists between the levels of village, city and state. Party-directed patronage, on the other hand, is associated with the expanding scope and general proliferation of state activities, and also with the growing integration of village, city and state. (Weingrod 1968, 381)

The more segmented a state structure is the more ‘gaps’ exist, creating a space for patronage to arise, where patronage helps to integrate the state. The patron not only plays the role of mediator between the village level and the state apparatus, but effectively is contributing to the integration of the different levels of the state, whether between village and town or town and cities – ‘cohesive-fying’ the state.

The use of patronage as a governance tool is not merely limited to governing and organising a state since it can be utilised at various levels, for example in political parties or trade unions. In this capacity it acts as an organisational tool to strengthen the patronage organisation itself. This is exemplified by the early European example of Sardinia

… the Party’s monopoly of thousands of jobs, and the special privileges given to loyal Fascists in securing posts and winning promotions’ meant that the party had become the major dispenser of political patronage” through which the “party also became an increasingly coordinated structure. (Weingrod 1968, 393).

The access to thousands of state jobs and public resources not only strengthens the political party but effectively also leverages the political party into a position where they can utilise these resources to “serve their own electoral ends” (Weingrod 1968, 384) Another fitting example is that of political machines in the USA, which utilised patronage as a means to strengthen the political machine by using public jobs as both organisation maintenance as well as an electoral tool (Johnston 1979). A similar trend had developed war Spain where the conflict about the control of such patronage jobs seem to have been a major factor behind the outbreak of the Spanish Civil War in 1936 (Lapuente and Rothstein 2013).

The most recent research investigating the usage of patronage as an organisational resource is chiefly carried out by Kopecky, Mair and Scherlis (2012). This angle focuses on patronage in the modern context, as a mode of governing; where the political party serves as patron, but
contrary to linkage politics between party-society, the focus is on party-state linkages. In this case patronage “represents a form of institutional control or of institutional exploitation that operates to the benefit of the party organisation” (Kopecký, Mair, and Spirova 2012, 7). Patronage thus is “a strategy to build parties’ organisational networks in the public and semi-public sphere” in order to ultimately control the policies that the state churns out.

…patronage is for contemporary parties a mode of governing, a process by which the party acquires a voice in, and gains feedback from, the various policy-making forums that characterise the modern multilevel governance systems (Kopecký, Mair, and Spirova 2012, 11).

This is the predominant form of patronage found in European and other modern political settings where social and political conditions are not dire enough to utilise patronage as an electoral tool, i.e., as an electoral resource to collect/maximise votes. Instead the ultimate interest is to have control over the policy-making process. The ‘permeation’ of the aforementioned patronage (in this case the reach of political parties into the state through the allocation of jobs in both the public and semi-public sectors) varies greatly within Europe (Kopecky and Scherlis 2008). In the Scandinavian countries the reach of patronage is limited to small number of positions in the top echelons, whereas the former communist states such Hungary and Latvia present cases where there is deep permeation of party patronage within the state. By ensuring political control of the policy implementation process, patronage is utilised as a mode of governing. In the former example only the top echelons of the state positions are patronage based whereas the latter cases entail an almost complete change of much of the public positions within the bureaucracy, resulting in a thoroughly politicised civil service.

The above described application of patronage is by no means comprehensive but points in the direction of the multifaceted ends patronage is applied to. As our interest is to investigate how patronage overlaps with the concept of corruption the above manifold usages of patronage should alleviate how and in what way certain forms of patronage can be considered corrupt and for what reasons, helping narrow down in a precise manner where the overlap between corruption and patronage occurs.
A good starting point of exploring the overlap between patronage and corruption – patronage and clientelism, is the following quote from Medard, which incorporates the different forms of corruption: “Corruption takes many forms clientelism, nepotism, ethnic and other favouritism are all variants of corruption, in social terms” (Médard 1998:308).

**Patronage and Corruption**

…patronage and corruption may in practice closely follow one another, as for example when patronage appointments are made for the purpose of providing private kickbacks or in return for bribes. In a similar vein, patronage is an important supporting condition for the survival of systemic corruption, in that it is through the appointment of bureaucrats and other state personnel loyal to party politicians that operations designed to pace checks on the activities of politicians are often effectively covered up (Kopecký, Mair, and Spirova 2012, 9).

Patronage and corruption overlap, however this overlap is of different types. Patronage can at times “lead” to corruption while at other times it in itself is corruption. As a starting point, the concept of party patronage is not as penetrating as corruption; it is done in the open and not under the table as most corruption deals are. However the overlap into corruption is obvious when these appointments are done “for the purpose of providing private kickbacks” or more so “in return for bribes.” Furthermore, as Kopecky and Scherlis point out, “patronage is the necessary condition for the emergence of the three particularistic exchanges [clientelism, pork barrel and corruption] since it is mainly due to their ability to control state positions that
parties are able to manipulate state resources in clientelistic or corrupt ways” (Kopecky and Scherlis 2008, 357). As stated by Golden (2000:17)

Italy's post-war patronage system probably functioned more on the margin of legality than completely beyond it. The outcome was nonetheless that by the 1980s, the bulk of appointments to the public sector was taking place in clear violation of the spirit of civil service regulations even if in nominal conformity to legal requirements (Golden 2000, 17)

This effectively becomes the root to the survival of systemic corruption in these systems. The below table neatly summarises the differences in the concepts highlighting how patronage differs from corruption and where it overlaps, providing an easy overview of the concepts and how these are inter-related.

Table 1 Overview of different concepts related to patronage

<table>
<thead>
<tr>
<th></th>
<th>Patronage</th>
<th>Clientelism</th>
<th>Corruption</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State Resource</strong></td>
<td>Jobs in state institutions</td>
<td>Subsidies, loans, medicines, food, public sector jobs</td>
<td>Public decisions</td>
</tr>
<tr>
<td><strong>Party Goal</strong></td>
<td>Control of institutions, reward of (organisational) loyalty</td>
<td>Electoral support</td>
<td>Financial resources</td>
</tr>
<tr>
<td><strong>Recipients</strong></td>
<td>Anybody</td>
<td>Party voters</td>
<td>Companies, entrepreneurs</td>
</tr>
<tr>
<td><strong>Legal status</strong></td>
<td>Legal or illegal</td>
<td>Legal or illegal</td>
<td>Illegal</td>
</tr>
<tr>
<td><strong>Crucial question</strong></td>
<td>Will you work for me?</td>
<td>Will you vote for me?</td>
<td>Will you give me a bribe?</td>
</tr>
</tbody>
</table>

Source adapted from Petr Kopecký and Peter Mair (2012)
Patronage and Clientelism

This difference in understanding is pointed out as an imperative aspect that must be taken into account when analysing patronage, as “…the perspectives of the two disciplines are…exceedingly different ones. It is therefore important to be clear about these distinctions and explore their implications” (Weingrod 1968, 378). Such a treatment will not be carried out here but it should be pointed out that this comparative approach helps alleviate why the term patronage is so closely associated to the concept of clientelism. The terms (clientelism and patronage) are not only used interchangeably but at times some scholars specify patronage as a type of clientelistic exchange; a client’s vote in exchange for public office. This close relationship or indeed overlap of concepts can be traced to the anthropological understanding of patronage as elaborated by Weingrod:

…the study of patronage as phrased by anthropologists is the analysis of how persons of unequal authority, yet linked through ties of interest and friendship, manipulate their relationships in order to attain their ends. (Weingrod 1968:378)

In the literature patronage is most often interchangeably used with clientelism. The statement that the two are coterminous – relates to the fact that the distribution of state jobs had in some cases in the past been used on a mass scale for electoral purposes (e.g. post-war Italy or the era of American city machines (Kopecký, Mair, and Spirova 2012, 9).
Patrimonialism

The term patrimonialism was brought back into political science and sociology by Roth in his attempt to “examine an older term for [its] contemporary usefulness.” It is a term for one of Max Weber’s typologies for traditional authority/governance modes, or as Roth puts it “the actual operating modes and administrative arrangements by which rulers ‘govern…” (Roth 1968, 156). Max Weber defined patrimonialism as

…a special case of patriarchal domination – domestic authority decentralised through assignment of land and sometimes of equipment to sons of the house or other dependents. (Weber 1978, 1011)

Weber’s original definition extrapolated patriarchal domination on to a larger canvas, effectively from the scale of the household to investigate social structures and governance systems (state level), where the model was applied to the heterogeneous empires, such as the Roman and Ottoman, in order to analyse the governance systems.

Patrimonialism is a concept that constantly is used as a synonym, as well as interchangeably, with corruption, especially in the context of explaining the embeddedness of corruption in the African continent. In fact, some scholars refer to patrimonialism as a “theory of corruption” that can “explain corruption in relation to the supposed specificity of African political systems” (Bracking 2007). However, utilising such a narrow approach not only does injustice to the concept but also negates the fact that like clientelism and patronage, patrimonialism too, is a concept in its own right.

Over the years the concept has undergone various applications as well as different ways of nuancing; some scholars have applied it as a universal concept; applicable to all countries whether developing or developed states (Roth 1968, Pitcher 2009, Erdman and Engel 2007). In an early seminal study of Nigeria, Joseph (1987) uses the term “prebendalism” to describe the same phenomenon. Others have used partrimonialism as a particularistic concept limited to developing countries (Theobald 1982, Roth 1968), and some have treated it as a region specific concept; specifically as an African phenomenon (Bratton and Van de Walle 1994, Erdman and Engel 2007).

The essence of patrimonialism that pervades the scholarship and unites the above described applications and nuances, is succinctly summarised by Theobald 1982, 552):
...the essential feature of patrimonial regimes [is]...the exchange of resources (jobs, promotions, titles, contracts, licenses, immunity from the law, etc.) between key figures in government and strategically located individuals: trade union leaders, businessmen, community leaders, and so forth. In return for these resources, the government or heads of state receive economic and political support. The emphasis is on the personal nature of the exchange: virtually all the analyses that have resorted to the term have been informed, either explicitly or implicitly, by the model of the patron-client relationship.

As this quote clarifies, the concept of patrimonialism is based on the basic patron-client model. It can be viewed as a metamorphosis of clientelism and patronage, or perhaps as encompassing these two characteristics. The difference however lies within who is exercising this. As patrimonialism is a mode of governance derived from the concept of patriarchy the focus is upon the “head” of the organisation. Like Aristotle, Weber too viewed governance in opposites and in fact took it a stage higher when investigating the grey zones that perpetuate within society – in this case within the theory of patrimonialism. Scholars today have continued to utilise this comparative outlook by juxtaposing patrimonial against rational-legal structures, in majority of the research surrounding the concept. The table below neatly summarises the differences between patrimonialism and the rational legal models.
That which differs between the various scholars over and above the above applications, is the difference of degrees pertaining to the degree of focus on the more personalistic character of patrimonialism (Roth 1968, North, Wallis and Weingast 2009) whereas some encouraged an inclusion of a broader perspective by including socio-economic features of states (Theobald 1982). It should be noted that the table above is only limited to exploring the administrative aspect of states, whereas the scholarship surrounding patrimonialism tends to focus on the governance system as a whole.

Table adapted from Brinkerhoff and Goldsmith (2002)
Degrees of separation?

The nuances that differentiate the scholars, apart from the above mentioned applications, lie within the different degrees of patrimonial and rational-legal aspects (whether a system is 50-50, or 30-70 etc) that exist as the structural framework for each case investigated.

If one were to put these different patrimonial systems on a scale the differentiation would be a matter of degrees. On one end of the spectrum there is the traditionalist patrimonialism or “pure patrimonialism” wherein the rational-legal structure is almost entirely absent. As Roth (1968) points out, such states “in terms of traditional political theory… may be private governments of those powerful enough to rule…” (p. 196). These are differentiated from the rational-legal bureaucracies “in that [these have] neither constitutionally regulated legislation nor advancement on the basis of training and efficiency need be predominant in public administration” (p. 196). As for “the corruption scale”, this would be a state that is considered very corrupt. This is the kind that is most prevalent in developing countries (or as Roth points out ‘new states’) which are mostly associated with corruption. As per Roth himself: “Such personal governance easily evokes notions of opportunism and corruption from the perspective of charismatic or legal-rational legitimation.”

On the other end of the spectrum is Erdmann and Engel’s above mentioned model, introducing modern day patrimonialism, which they term neopatrimonialism. This new term is utilised for a multiple of reasons; first of all, to differentiate it from Weber’s original typology of patrimonialism and also to highlight that the neopatrimonialism they to is the contemporary form of patrimonialism, which differs from the original position of Weber. Unlike Weber’s “pure” ideal types, neopatrimonialism constitutes a hybrid – a system where there is a fully established structure of the ideal type legal rational bureaucracy, however the governance mode itself has patrimonial features. In other words, there is in place an established system, a so-called rational-legal structure but most of the decision making processes (in issues such as the selection of civil servants, decisions about public policies and their implementation) are exercised with a patrimonial flavour. This model creates uncertainty and a lack of predictability as the external appearance is one of the ideal, impartial rational-legal, whereas power within the system are exercised according to the personal preferences of the leader instead of following the prescribed laws in place.
The overlap between patrimonialism and corruption

The most complicated overlaps within the literature is that of patrimonialism and corruption. The ostensible complication is the apparent similarities that explain the utilisation of the terms as synonyms are: both were concepts came to the fore during the 60s and 70s, in that case as issues of the “other” wherein they were applied to developing states, or “new states.”

From a conceptual approach, the problem is that scholars have assigned patrimonialism as a theory of corruption, without systematically comparing the two. Instead the treatment remains limited to a brief sentence or two where the reader is left to decide how or in what manner the patrimonial feature is corrupt. Within the literature, the undercurrent that appears to be the reason for patrimonialism to be used synonymously with corruption is because it is a mode of governance that conflicts with the ideal-type exercised by liberal democratic rule-of-law states. Instead of following Weber’s legal-rational model, states that follow the traditional mode of authority (that is, patrimonialism) are viewed from a evolutionist aspect, where all ills within these states, whether African or not, stems from the root cause of patrimonialism (Pitcher 2009). The ostensibly understanding that is deduced is that the patrimonial form of governance itself is viewed as a matter of the “other” wherein the mode of governance itself is seen as corrupt, even if the original reading as propounded by Weber confirms this to be a legitimate form of authority. Instead of acknowledging this by looking beyond the dichotomy presented by Weber, majority scholars assert this mode of authority to be corrupt in itself, with the way the term has been constantly utilised alongside corruption, without actually providing evidence to support this claim.
Furthermore, many social scientists add the modifier neo to patrimonialism to distinguish what they regard as a modern variant of Weber’s ideal type—one in which a veneer of rational-legal authority has been imposed by colonialism, yet a personalistic or “patrimonial” logic characterized by patronage, clientelism, and corruption is said to prevail—just as it is assumed to have done in the past. (Pitcher, Moran, and Johnston 2009)

Under a veneer of rational-legal authority imposed by colonialism, a pervasive “patrimonial” or personalistic logic is said to prevail, encouraging patronage, clientelism, corruption, and economic stagnation. Even with the transition to democracy, forms of patrimonialism are still seen as brakes on Africa’s future political and economic development (Pitcher, Moran, and Johnston 2009, 150).

**State Capture**

Out of all the above side-lying concepts, state capture is the youngest, and is viewed as a clear type of corruption, wherein the initial definition offered was as follows “shaping the formation of the basic rules of the game (i.e. laws rules, decrees and regulations) through illicit and non-transparent private payments to public officials.” (Hellman 2000) It is the only area that fully encapsulates one of the largest “grey zones” within corruption research – that is the interaction of the private and public sectors, i.e. a predatory group of individuals (whether in the shape of firms or local elites) and the state itself. The state is captured through policy mechanisms being dictated by and in favour of the private actors (firms, local elites) at a significant social cost; effectively the private sphere dictates the public sphere. However what remains under contention is where the line is drawn between where it stops being a healthy democratic process to corruption? A much contested example is that of private sector lobbying in the USA.

The term itself was coined by the researchers at the World Bank (Hellman 2000, Hellman, Jones and Kauffmann 2000), and brought about in an attempt to investigate the effect of the private sector upon the state; specifically within the transition states of the former USSR at the recognition that “…powerful firms have been able to capture the state and collude with public
officials to extract rents through the manipulation of state power” (Hellman et al. 2000, 1). A second strand of state capture research takes Hellman et al.’s conceptualisation from focusing on economic agents to focusing on agents within a state (e.g. local elites) (Grzymala-Brusse, 2008).

Unlike the other side-lying concepts listed above, i.e. other types of corruption that focus on the output side, such as how power is exercised, state capture directly focuses on the input side of the equation, where corruption is affecting “the basic rules of the game (i.e. laws rules, decrees and regulations)” policies, laws etc. at the formation stage. This difference is essential as it can shift the type of corruption from the illegal sphere to that of being legal, even though in practice it might be considered corrupt by the stakeholders involved. The literature elaborates that the above definition is not limited to only firms, but is applicable to individuals as well as groups in both private and public sectors, in order to influence laws, regulations, as well as other government policies to their own advantage as a result of the “illicit” and “non-transparent” provisions of private benefits (whether this be money, goods, political advantage etc.) to public officials (Hellman, Jones and Kaufmann, 2000).

One criticism of this fledgling definition is concerned with payments to public officials where it is a prevalent economic focus, the “exchange of private payments to public officials.” This empiric focus, as carried out by Hellman et al. (2000) in “Seize the State, Seize the Day” is based on firm-level data collected through the Business Environment and Enterprise Performance Survey in 1999, in order to understand the relationship between private and public sectors in transnational societies, similar to the majority of literature on the topic. The heavy initial empiric focus left agape a theoretical space as to the normative aspects of the concept.

Furthermore, such a narrow focus leaves out other aspects of state capture, such as that of the local/national/religious elites, or economies of religion or a focus that takes into account state capture by religious elites wherein the exchange is of the public’s vote in exchange for salvation in the afterlife, a phenomenon prevalent both in Latin America, Africa and much of Asia (Bardhan, P. YEAR and Keefer YEAR). One study that has helped expand the research onto non-economic focus is carried out by Grzymala-Brusse, where the focus is shifted from economic agents to agents within a state (2008).
This form of corruption can be more harmful than the rest listed above, as it "goes beyond excluding the citizens outside the corrupt bargain from a certain political procedure and instead excludes all citizens outside of the group from almost all parts of the political process in general" (Stine 2011). State capture is thus a phenomenon that takes place through the exercise of clientelism or patronage, where a relationship is built up between both parties.

Conflict of Interest

Another issue that can be included within the "grey zone" of the corruption debate is that of conflict of interest. The International Encyclopaedia of Ethics defines conflict of interest as

"...a situation in which some person (whether an individual or corporate body) stands in a certain relationship to one or more decisions. On the standard view, a person has a conflict of interest if, and only if, that person (1) is in a relationship with another requiring the exercise of judgement on the other’s behalf and (2) has a ("secondary “or “unusual") interest tending to interfere with the proper exercise of such judgement.”

Having a conflict of interest on its own is not wrong; these can occur easily as people act in different capacities in their private sphere and a different one in their professional sphere. The complications arise when acting in spite of one’s awareness of a conflict of interest, wherein one is involved. Public servants/officials hold positions of trust in the society, in the case of public administrative law, a position where they are expected to exercise their power in an impartial manner. However, if a conflict of interest exists in a situation and the public servant/official chooses to exercise their public duty, instead of pointing out that there is a
conflict of interest, that public official will not be ensuring to act in an impartial manner, effectively acting in a partial manner.

The root to conflict of interest is the distortion of impartiality. A telling example of this is found in the public administrative law of Sweden, where five situations are delineated as qualifying situations where conflict of interest will be present:

1) If the matter concerns the person exercising judgment or anyone that he has a relationship with: here the examples can range from spouse, child, parent, or other person considered of close relation, or if the execution of the case can be expected to bring benefit/harm to himself or one of the relations

2) If he or a relation are power of attorney for the person whom the case concerns, or for someone that may profit/lose from the outcome of the case

3) If the case has been raised at an authority through appeal or other means

4) If he has been assigned as representative or represented someone in exchange for commission.

5) If over and above there are any special circumstance that would diminish the trust in his impartiality in the matter.

**Particularism**

Several authors have recently identified particularism in public policy as a central ingredient of corruption. The opposite to particularism, according to these authors is impersonal (instead of personalistic) rule (North, Wallis and Weingast 2009), or ethical universalism (Mungiu-Pippidi 2006) or impartiality in the exercise of public power (Rothstein & Teorell 2008).

What does it mean to be impartial in the exercise of public power? Cupit writes: “To act impartially is to be unmoved by certain sorts of considerations — such as special relationships and personal preferences. It is, to treat people alike, irrespective of personal relationships and personal likes and dislikes” (Cupit 2000; cf. Barry 1995, p. 11). The connection to corruption is motivated by the fact that impartiality is the driving notion behind John Rawls’ liberal right-based theory of justice. As Goodin argues: “Certainly, the antithesis of justice is favouritism” (2004, p. 100). In this context, impartiality is not a demand on actors on the input side of the
political system, but first and foremost an attribute of the actions taken by civil servants and professionals in public service, law enforcement personnel and the like.

Equally important, however, are the things which the norm of impartiality does not rule out. Since impartiality is a procedural norm confined to the exercise of public power, one important field that is not affected by this conception is the substance of the content of policies. This builds on the idea that non-corruption implies that “a state ought to treat equally those who deserve equally” (Kurer 2005, p. 223). They may be unjust, ineffective and the result of pressure from all kinds of interest groups but these are things which according to Rothstein & Teorell (2008) should be seen as something outside the sphere of corruption. Instead, they argue that it is impartiality in the exercise of power (the “ought to treat equally” principle) that is the central component of what should be seen as the opposite to corruption. To treat equal does of course not imply that everyone should get the same. Only people that are in need of a kidney transplant should get one. Instead, this follows the idea of “equal concern and respect” launched by Ronald Dworkin (1977).

In political philosophy, this distinction between which norms should guide the content versus the procedural sides of the political system is readily seen in Brian Barry’s important book *Justice as Impartiality*. Barry argues that impartiality should be a normative criterion in the exercise of political power: “like cases should be treated alike” (Barry 1995, p. 126). His idea of “second order impartiality” implies that the input side of the political system should be arranged so that it gives no special favor to any conception of “the good”. However, as Barry readily admits, his theory “accepts that a demand of neutrality cannot be imposed on the outcomes” (Barry 1998, p. 238). Accordingly, when it comes to decisions about the content of the policies that governments should pursue, it is not neutrality or impartiality but “reasonableness” that is his main criterion (Barry 1998, p. 238; cf. Hardin 1998.) By this he means that people engaged in the political process should give sound arguments based on a secular understanding of knowledge for why they prefer certain policies over others. In Barry’s words: “What is required is as far as possible a polity in which arguments are weighed and the best arguments win, rather than one in which all that can be said is that votes are counted and the side with the most votes wins” (Barry 1995, p. 103).
The implication is the one argued for here, namely that impartiality cannot be a moral basis for the content of policies that individuals, interests groups and political parties pursue on the input side of the political system since reasonableness is not the same as impartiality. For example, in a given situation there may be good reasons for lowering pensions and increasing support to families with children. This is, however, not the same as being impartial between these two groups, because there is no such thing as an impartial way to decide in a case like this (Arneson 1998). This is particularly problematic when it comes to conflicts over which public goods a state should provide since such goods can often not be divided into minor parts (like money), something that often makes reasonable compromises easier to reach. Either the airport or dam is built or nothing is built (Miller 2004).

What is presented here is not of the grand ambition that Barry, Rawls and other political philosophers have pursued, namely to construct a universal theory of social and political justice. The ambition is more modest, namely to clarify conceptually what should count as the opposite to corruption in the form of particularism. The implication is that when a policy has been decided upon by the political system, be it deemed just or unjust according to whatever universal theory of justice one would apply, the opposite to corruption implies that it has to be implemented in accordance with the principle of impartiality.

It is important to note that, for many, increased justice implies policies that contain more partiality (for example, extra resources to underprivileged groups); they usually do not want these policies, once enacted, to be implemented in a partial way where bureaucrats are given total discretion in each and every case (Tebble 2002; Young 1990). For example, it may be perfectly legitimate to argue for the government to establish academic positions that only women (or some other disadvantaged group) could apply for given the gender inequality that exists in higher academic positions. However, once such a position is announced and a number of women apply, the impartiality norm takes overhand since those who have argued for such a quota system usually want the most qualified in the preferred group to get the position. Thus, while impartiality is a norm to be followed in one sphere, it would be dysfunctional and/or
also unethical in other spheres. This conditionality in the application of impartiality as a justice principle goes in fact all the way back to John Stuart Mill:

Impartiality, in short, as an obligation of justice, may be said to mean being exclusively influenced by the considerations which it is supposed ought to influence the particular case in hand, and resisting the solicitations of any motives which prompt to conduct different from what those considerations would dictate (Mill 1861/1992, p. 154).

It should be underlined that the argument is not that impartiality is equivalent to “objectivity”. Terminology is a tricky business (especially if you trade in a language that is not your own). Still we would say that, as a concept, objectivity has an absolute and perfectionist ring to it that implies that humans can have full knowledge of a case and weigh all things equal and come down with a decision as if the outcome was decided by some natural law process. We would argue that impartiality implies somewhat more human and realistic demands. First, it is about a “matter of fact-ness”, implying that things that according to the policy/law should not have an impact on the decision are to be left out. Secondly, it requires that the public official should not be a party to the case, neither directly nor indirectly. Moreover, the idea of impartiality as the opposite to particularism and corruption stands in sharp contrast to the public choice idea of public officials maximizing their self-interest. For example, an impartial civil servant should not be susceptible to bribery, should not decide in cases where his/her friends and relatives are involved, and should not favor any special (ethnic, economic, or any other type of organized) interest when applying laws and rules.

The Issue of (Good) Governance

Governance as a public administration problem

As stated in the introduction, the concept of “good governance” has been introduced, in part, as a code word for the opposite to corruption. A central problem in this discussion is that there are at least three very different ideas of what constitutes “governance” in the social sciences. The first has its background mainly in public administration and public policy
analysis of western democracies. Its basis was the recognition, beginning in the early 1990s, that an increasing number of empirical studies had shown that western democracies no longer relied mainly on government authorities when trying to reach public or collective goals. It was argued that traditional public administration structures that used to have a monopoly, or at least was the main actor, in implementing public policies, had been weakened, replaced, or challenged by various forms of public-private partnerships and more lose networks of organizations including also various civil society organizations, trade organizations and private companies (Pierre 2000). The empirical studies showed that various forms of market solutions were also used for providing what were essentially public goods, such as for example publicly financed charter school systems and pseudo-market systems in the provision of health care. This development was seen as a result of a long standing critique in western democracies of the traditional type of Weberian type of public administration as being “rigid and bureaucratic, expensive and inefficient” (Pierre and Peters 2005, 5).

The critique of the Weberian model of bureaucracy as not being able to function well for the more interventionist and “human-processing” public policies has been almost endless (Rothstein 1998; du Gay 2000). In this line of research and theory, governance is seen as a society’s pursuit of collective goals, through various forms of steering and coordination, independently of the formal status of the actors that are involved (Pierre and Peters 2000; Levi-Faur 2012b). Normatively, as well as empirically, large parts of this approach to governance, that we would prefer to label as the policy approach to governance, the main idea was built on a critique of the classical Weberian model of public administration. The critique pointed at the fact that this top-down steering of public administration lacked participatory elements and that it was incapable of handling the type of complex implementation tasks that modern western societies were in need of. Especially, what came to be known as implementation research, showed a number of pathological trends, when central policy ambitions and programs meet reality on the ground (Rothstein 1998, ch. 3). Under umbrella terms such as “new public administration”, both more market oriented governance systems as well as more network and participatory systems were supposed to provide more flexibility and increased adaption of steering measures to a more demanding and competitive oriented society (Lynn 2012). A large part of this literature also argued that the public administration should
use more of competition and performance based measures imported from the private sector (Laegreid and Christensen 2007).

This post-Weberian policy approach to governance has become a fairly large enterprise, judged by number of publications and citations (Levi-Faur 2012a). For example, it almost completely dominates the recently published 800 pages *Oxford Handbook of Governance*. The index of this handbook has only five entries about *corruption*, but fifty about *participatory governance* and forty-eight on *network governance*. The same can be seen in the only international academic journal that is titled *Governance* – searching for the term *management* in abstracts yields five times as many articles than a search on *corruption*. It should also be noted that this approach to governance rarely concerns issues about the public administration in developing countries (Pierre and Rothstein 2011)

The problem is that the conceptualization of governance in this approach is not overwhelmingly precise. On the contrary, leading governance scholars tend to make a virtue of conceptual ambiguity. An example is David Levi-Faur (2012a, 3) who, in his introductory editorial chapter to the *Handbook of Governance*, mentioned above states that this publication intends to demonstrate that “governance is increasingly becoming a broad concept that is central to the study of political, economic, spatial and social order in general”. In a critical analysis, Claus Offe (2009) has pointed to the fact that the concept is empty of agency. There is no verb form of the word like there is for government. Members of the government can govern but what it is that members of a network of governance are doing? In reality, the concept tends to capture all forms of collective social co-ordination, outside pure market relations or the family. The problem is that such a broad understanding of governance makes it difficult to distinguish it from all other forms of social co-ordination. To paraphrase what Aaron Wildavsky (1973) said about another once popular concept (yes, many years ago): “If planning is everything, maybe it’s nothing”.

In this policy approach to governance, there is now a widespread discussion of entities like “global governance”, “corporate governance”, “interactive governance” and “network governance” just to name a few. Our impression is that governance in this public administration and public policy approach should be seen as a meta-concept for all possible forms of order (or disorder) in a number of different settings – from the very local to the
global and from the very political and state-centered to various private networks that exists outside and has a minimal relation to the state. It may be possible to assess the quality of governance in specific sectors with this approach (see Levi-Faur 2012b). However, it goes without saying that “assessing the quality of governance”, as it is understood in this policy approach for a whole country, region or even a city cannot be accomplished in any meaningful way. Leading scholars in this approach also argue that it is not a feasible enterprise to try to establish quantifiable measures of this type of governance for comparing analyses. Instead, they argue for qualitative “process-tracing” case studies (Torfing et al. 2012, p. 84, ). While we think that this policy approach to governance empirically captures an important development in Western liberal democracies, the conceptual net is simply far too big for assessing what goes on in a country as a whole. A second problem is that there are very few normative analyses of what should constitute “good” or “high quality” in this approach to governance since it is usually unrelated to the type of measures of human well-being discussed above. What can be done within this approach is assessing governance in particular sectors, such as the health care system in a country or region, or at certain levels of government, such as the city or village level.

**Participatory (democratic) governance**

A second approach to “governance” is what has become known as “participatory governance”. This approach emphasizes the role that ordinary citizens can play in influencing politics outside (or beside) the traditional channels in representative democracy such as voting and activity in political parties. A strong focus in this approach is given to various forms of deliberative practices in which citizens can discuss and form opinions about how to solve various collective problems (Bevir 2010; Bellina et al. 2009). This is inspired by theories emphasizing the importance of broad based and open systems for collective deliberation in public decision making either as a complement or as an alternative to the system of representative democracy. Another important part of this approach is how various “grass-root” organizations can become involved and consulted in policymaking as well as taking responsibility for the provision of public services. The development of this approach can be seen as a response to what has become known as the “democratic deficit” problem in many
international organizations, the paramount example being the European Union. It is, however, also applied at the very local level when citizens are given possibilities for “voice” outside the electoral-parliamentary system such as in public hearings and other organized deliberative processes (Bevir 2010; Popovski and Cheema 2010).

The discussion about the advantages of new and more participatory forms of engaging citizens in public decision-making in liberal democracies and the effects of increased possibilities for deliberation is in itself interesting. In our view, the problem of an increasing “democratic deficit” is in many cases real. There are, however, two main problems with “democratic governance” from the perspective of increasing the relevance of political science by focusing on the part of the political system that turns out to have a significant effect on people’s life situation. One is that “democratic governance” blurs the distinction between “access to power” and “exercise of power”. The second is, that so far, the lack of conceptual precision in this approach has prevented the production of any standard measure for this concept which can be used in comparative research.

**Good Governance**

What is interesting is that at the same time as the above mentioned approaches to governance started to mushroom, a very different idea of what this concept entails saw the light of day. The background of this approach was not located in studies of public administration and public policy in mature western democracies, but instead located in discussions in research about development and (the lack of) economic growth, in third-world (and later transition) countries. In common parlance, the approach argued that the institutionalized “rules of the game” should have a more central role in social science research and especially for explaining variation in social and economic development (North 1990; Shirley 2005; Greif 2005; Smith 2007). In this approach, that we would prefer to call the *political economy approach to governance*, the importance of informal institutions has often been stressed by leading scholars (Ostrom 1990; North 1998). However, in empirical research, these “rules of the game” have de facto become oriented towards state centered variables, such as: states’ administrative capacity; the degree to which the rule-of-law principles are respected; the level
of corruption in the public sector; the effectiveness and professionalism in the public administration; the secure enforcement of property rights, and meritocratic recruitment of civil servants (Smith 2007). This idea of “good governance” for achieving social and economic development has become central for many international development organizations. For instance, in the mid-1990s, when the World Bank started to emphasize the negative impact of corruption, in the public sector, on economic development, this lead to the establishment of the Work Bank Governance Indicators project (Kaufmann et al. 2005; Kaufmann 2004) (Kaufmann et al. 2005). An important empirical result was produced by Evans and Rauch (1999), who already in the late 1990s showed that a Weberian type of public administration had a positive impact on economic growth for developing countries.

Good governance is now used, in particular, by many national development agencies and international organisations, such as the World Bank and the United Nations. One example is the International Monetary Fund that in 1996 declared that "promoting good governance in all its aspects, including by ensuring the rule of law, improving the efficiency and accountability of the public sector, and tackling corruption, as essential elements of a framework within which economies can prosper” (Rothstein 2012, 143). In development policy circles, this “good governance” agenda has to a large extent replaced what was known as the Washington Consensus. This approach stated that economic growth could be created by systematic deregulations of markets, tightening of public spending, guarantees for property rights, and large scale privatizations (Serra and Stiglitz 2008). The reason why this strategy did not work was, according to many observers, that poor countries lacked the necessary type of institutions that were “taken for granted” in neo-classical economics. Among those, leading development economist Dani Rodrik listed institutions such as “a regulatory apparatus curbing the worst forms of fraud, anti-competitive behavior, and moral hazard” and “the rule of law and clean government”. According to Rodrik, these were institutions that economists usually took for granted “but which are conspicuous by their absence in poor countries” (Rodrik 2007, 97). In the former communist countries, this strategy became known as “shock-therapy capitalism”. It ran into a number of problems, not least because its proponents did not pay adequate attention to the need for institutions, which would hinder fraudulent, anti-competitive, corrupt and other similar types of destructive behaviour (Kornai et al. 2004).
As should be obvious, what is understood as “governance” in this development research perspective is very different from the approach that has come out of the post-Weberian critique of the hierarchical model of top-down steering in public administration analysis centered on problems in liberal western democracies. In the political-economy approach to development, governance is a very state-centered concept referring mainly to specific traits in the court system and the public administration (Norris 2012). A first conclusion is that much of the complaints that the governance concept is ill-defined (Lynn 2012, 49ff; Fukuyama 2011, 469) stems from the fact that these two almost completely different approaches, use the same term, each with their own specific intellectual as well as policy background. We would argue that much of the conceptual confusion in governance research is caused by the conflation of these two very different approaches to the subject. A second conclusion is that since the development approach has a more restricted idea of where “governance” is located, the possibility for creating a definition, that is specific and precise enough to be operationalized for assessing and measuring governance in a specific country should increase. This is also why for example Rothstein and Teorell (2008) argue that the term “quality of government” (QoG) should be preferred as the opposite to corruption instead of “good governance” (cf. Rothstein 2011).

The opposite to corruption

If Quality of Government (QoG) is the opposite to corruption, how should this concept be defined? Below, we will introduce a number of dimensions on which this theoretical enterprise has to make choices. In this we rely heavily of the approach about concept formation (and misformation) in political science that goes back to Giovanni Sartori and that has been deepened by for example David Collier, John Gerring and Andreas Schedler (Schedler 2010). It should be kept in mind that we are striving for a definition of QoG that can be operationalized in such a way that we can actually measure the level of QoG in different countries (or regions or cities or branches of public administration within these entities).
Normative or empirical strategy

One issue is if QoG should be defined by a certain norm that pertain to how government power is exercised or if it is a more empirical “thing”, for example bureaucratic “autonomy and capacity” as tentatively suggested by Fukuyama (2013). There are three reasons why we think a normative definition is necessary. First, terms like of “good” or “quality” are inherently normative. Something is “good” or has high/low “quality” in relation to a certain norm (or norms) and it is therefore necessary to specify this norm. Trying to define good governance while ignoring the normative issue of what should constitute “good” defies logic. Secondly, the empirical results show that when people make up their mind of whether or not they find their governments legitimate, how a state’s power is exercised turns out to be more important for them than their rights pertaining to the “access” side of the political system. Since perceptions of political legitimacy are inherently normative, we have to theorize this norm. It should be noted that the legitimacy of how the access side of a democratic system should be organized is, according to Robert Dahl, based on a single basic norm, namely political equality (Dahl 2006, 1989). Thus, if what happens at the “output side” is more important for citizens when they make up their mind of whether their government is to be considered legitimate, we should be able to find the parallel basic norm for this part of the political system. Obviously, it cannot be “political equality” since most laws and public policies entails that citizens should be treated differently (pay different taxes, get different benefits, subsidies and services dependent on their specific situation and circumstances).

Thirdly, the risk with empirical definitions is that they will become tautological. One example is the definition of good institutions provided by Acemoglu and Robinson (2012). Their now well-known argument is that it is institutions of a certain kind that promote economic prosperity. Such institutions, they argue, should be “inclusive”. With this, they mean institutions that “allow and encourage participation by the great mass of people in economic activities that make best use of their talents and skill and enable them to make the choices they wish”. Such institutions should also “secure private property, an unbiased system of law, and a provision of services that provides a level playing field in which people can exchange and contract”. Moreover, such institutions “also must permit the entry of new business and allow people to choose their careers”. The list goes on, the institutions that are needed for economic
prosperity should also “distribute power broadly in society” and ensure that “political power rests with a broad coalition or plurality of groups” (Acemoglu and Robinson 2012, 73 and 80).

The problem with this definition is that it is very close to what the theory intends to explain. How surprised should we be that a society with such “inclusive” institutions will create the good and prosperous society and that a society with the opposite type of “extractive” institutions will be bad and poor? What they are saying is basically that a good society will produce a good (or prosperous) society. The central issue is this: if a society decides to organize its public administration according to a certain norm (or set of norms) which states for example who will work in this administration and according to which principle(s) civil servants and professionals will make decisions, will this result in higher organizational capacity and will this make it more likely that the politicians will entrust this administration with a certain degree of autonomy? The empirical answer to this question seems to be in the affirmative. If civil servants are recruited based on the norm of impartiality, which means that factual merits for the job in question is what decides recruitment and promotion, this will lead to higher QoG, and higher state capacity, which in turn will lead to increased levels of human well-being (Dahlström et al. 2011; Rothstein 2012; Teorell 2009). The question raised by Fukuyama (2013:349), i.e., if impartiality as the basic norm for how the state interacts with its citizens will result in increased state capacity - is thus no longer only “simply asserted” but empirically grounded.

Another reason for a normative definition of QoG instead of pointing at specific empirically existing institutions is that if we look at countries that are judged to have high levels of QoG, their political and legal institutions, as well as their systems of public administration, show remarkable variation (Andrews 2013). This implies that simply exporting such institutions (or a specific state’s institutional configuration) from high QoG to low QoG countries will not work to improve QoG. When this has been tried, the results have not been encouraging (Trubek and Galanter 1974). The reason seems to be that it is not the specific institutions, but the basic norm under which they operate, that is the crucial factor.
Should the definition be based on political procedures or policy substance?

Is QoG something that should be defined by reference to a set of political procedures or should it be defined by reference to certain policies or outcomes. An example of the latter the well-known definition of “good governance” provided by Daniel Kaufmann and colleagues at the World Bank researchers which among other things include “sound policies” (Kaufmann et al. 2004). Others argue wants to include the “moral content” of enacted laws and policies (Agnafors 2013). The well-known problem with any substantive definition of democracy and thereby QoG is why people, that can be expected to have very different views about policies, should accept them. Since we are opting for a definition which can be universally accepted and applied, including specific policies becomes problematic. To use Rawls terminology, political legitimacy requires an “overlapping consensus” about the basic institutions for justice in a society so that citizens will continue to support them even when they have incommensurable conceptions of “the meaning, value and purpose of human life” and even if their group would lose political power (Rawls 2005). This is of course less likely to be the case if specific (sound) policies or moral content of the laws are included in the definition of QoG.

Including as the World Bank does “sound policies” in the definition also raises the quite problematic question if international (mostly economic) experts really can be expected to be in possession of reliable answers to the question of what “sound policies” are. For example, should pensions, health care or education be privately or publicly funded (or a mix of these)? To what extent and how should financial institutions be regulated? Secondly, such a definition of QoG, which is not restricted to procedures but includes the substance of policies, raises what is known as the “Platonian-Leninist” problem. If those with superior knowledge decide policies, the democratic process will be emptied of most substantial issues. The argument against the “Platonian-Leninist” alternative to democracy has been put forward by one of the leading democratic theorists, Robert Dahl, in the following way: “its extraordinary demands on the knowledge and virtue of the guardians are all but impossible to satisfy in practice” (Dahl 1989, 65).

All this implies that a strictly procedural definition of QoG is to be preferred. This also follows from the ambition to strive for a definition of QoG that is parallel to how the “access
side” for liberal representative democracy usually is defined which speaks for a strictly procedural definition. The system known as liberal representative democracy should not in itself favor any specific set of policies or moral standards. From the perspective of legitimacy, it should be noted that there is ample evidence from experimental studies showing that when people decide if a decision by a public authority that affects them is just, they do not only take into consideration the “what did I get” issue. Instead, “how they got it” – the fairness in the actual procedure in which the decision is implemented is in most cases more important for them to accept the outcome, especially in cases when the outcome is a negative one (Tyler 1992; Levi et al. 2009).

There is a well-known drawback to all procedural definitions of political processes for decision-making, namely that they cannot offer a guarantee against morally bad decisions. As is well-known, there is no guarantee against perfectly democratically made decisions in a representative democracy will result in severe violations of the rights of minorities and individuals. As Mann has argued, there is a “dark side” to democracy (Mann 2005). This is also the case for any procedural definition of QoG, be it ethical universalism (Mungiu-Pippidi 2006), impersonal rule (North et al. 2009), bureaucratic autonomy and capacity (Fukuyama 2013) or impartiality in the exercise of public power (Rothstein and Teorell 2008). In this approach, we think the strategy suggested by John Rawls is the right one. His central idea is that if a society structures its systems for making and enforcing collective decisions in a fair way, this will increase the likelihood that the outcomes are normatively just. Thus, the probability that a political system that builds the access to power on the fair principle of “political equality” will produce outcomes that increase social and political justice is higher than if the access to power is organized in a different manner. The equivalent for the administrative side of the state would then be that if implementation of policies is based on a norm such as impartiality, the probability for normatively good outcomes would increase. As argued above, empirical research shows that the latter case is more probable than the former, that is, high QoG has a much stronger impact on measures of human well-being than representative democracy has. Given a fair political order such as high QoG, this is what we can expect but again, not guarantee. This is what Philippe Van Parijs has labeled the “Rawls-Machiavelli programme” which he argues has two components: From Rawls he takes what
one should regard as a just political order and from Machiavelli what we, from empirical knowledge, can suppose is feasible for “real people” to accomplish (Parijs 2011).

An argument against defining QoG as based on the principle of impartiality in the exercise of public power is that, in theory, a Nazi extermination camp could be administered in an impartial way (Agnafors 2013, Fukuyama 2013). The first thing to be said about comments like this is that an overwhelming part of the historical research about how the Third Reich was administrated gives a completely different picture. Instead of impartiality, the “modus operandi” of the Nazi state was systematic political and ideological motivated favoritism, personalistic rule, clientelism, disregard and manipulation of the rule of law principles, disregarding professional knowledge and ad-hoc decision-making (Evans 2009; Broszat 1981; Aly 2007). The idea of the impartially administrated Nazi state or concentration camp belongs to the “crazy cases” approach in political philosophy which according to Goodin (1982), strongly increases the discipline’s irrelevance. As he stated:

First we are invited to reflect on a few hypothetical examples - the more preposterous, the better apparently. Then, with very little further argument or analysis, general moral principles are quickly inferred from our intuitive responses to these "crazy cases." … Whatever their role in settling deeper philosophical issues, bizarre hypotheticals are of little help in resolving real dilemmas of public policy (Goodin 1982, 8)

Secondly, the same problem exists for the procedural principles following from political equality which forms the basic norm for representative democracy – there is nothing in this norm that hinders the majority in an ever so correct procedural representative democracy to decide illiberal policies that seriously violate human rights (Zakaria 2003; King 1999). This problem of possible normatively unwanted outcomes is unavoidable if we want to stay within a procedural definition of QoG (or liberal democracy). That is why most democratization activists and organizations nowadays usually speak of “democracy and human rights” as if these are inseparable. There is certainly nothing that hinders policy activists and policy organizations to start promoting “quality of government and human rights” (something that we certainly would support). However, from a theoretical perspective, democracy, quality of government and human rights are separate things and should not be conflated since we want to
know how they are empirically related. As stated by Fukuyama (2013:351), we probably would not like to “argue that the U.S. military is a low-quality one because it does things we disapprove of, say, invading Iraq?” If we define QoG by “good outcomes” or include “the moral status of the laws” and/or the “public ethos” (Agnafors 2013), we will be creating a conceptual tautology saying that society with a high moral standard and a good “public ethos” will result in good outcomes. Simply put, we must have the intellectual courage to admit that a public organization can have a high quality or capacity in doing what it does even if we from a moral perspective disapprove of what it is doing. Otherwise, QoG is just simply when a public authority efficiently implements the policies that we happen to like.

The advantage with a procedural strategy is that it is more likely to attain a broad based acceptance (i.e., Rawls’ “overlapping consensus”) even in a society with groups that have incommensurable ideas of “the good”. If QoG would include “the moral status of the laws” (Agnafors 2013) as defined by some ideology, it is very unlikely that a Rawlsian “overlapping consensus” can be reached. However, if we decided to stay within a procedural definition of QoG, as the empirical results mentioned above show, this will increase the probability of outcomes that increases human well-being in the form of extended capabilities for citizens as suggested by Amartya Sen’s theory of justice. Empirically, as argued above, there is ample evidence that this is also the case (Teorell 2009; Holmberg and Rothstein 2012; Charron et al. 2013). In sum, the procedural strategy in defining QoG can be said to rest on an assumed probability that if the political system of a society is based on procedures which can be normatively motivated as fair, this will increase the likelihood of normatively just outcomes. The alternative substantive definitional strategy is less likely to achieve “overlapping consensus” since there is not much agreement in many countries in the world of what should constitute what the economists argue are “sound policies” or the philosophers claim to be the right “moral status of the laws”.

**Should the definition of QoG be multi- or uni-dimensional?**

Several attempts to define QoG have argued for a multi-dimensional or “complex” strategy. QoG should entail that decisions in the public administration adhere to “efficiency”, “public ethos”, “good decision-making”, “transparency”, accountability” and “stability” to name a
few. Others have argued for a uni-dimensional strategy (Rothstein & Teorell 2008, Mungiu-Pippidi 2006, North et al 2009). There are several drawbacks with the multi-dimensional strategy. The first one is that we may treat what is basically an empirical question by definitional fiat. Simply put, we want to explain why high QoG makes some states’ public administration more efficient than others and this implies that we cannot include efficiency in the definition of QoG since we don’t want to state that efficiency explains efficiency. The same goes for “good decision-making” (as suggested by Agnafors 2013) and “capacity” (as suggested by Fukuyama 2013). We want a definition of QoG that can be helpful in explaining why the public administration in some states have a better capacity for making good decisions than the public administration in other states (or regions, cities) and if we include what we want to explain in the definition this explanatory purpose becomes impossible.

The problem with “accountability” is that it is only a tool. No organization or bureaucrat can be held accountable in general since you are always held accountable according to some specified normative standard(s). Without defining this normative standard(s), accountability as well as transparency are empty concepts. Another well-known problem with multi-dimensional definitions is how to handle a situation when a state for which we want to measure QoG shows very different values on the dimensions. The World Bank researchers include five different dimensions and Agnafors (2013) for example includes no less than six dimensions. The question then becomes how to handle a situation where the rule of law is zero but where there is maximum efficiency (or stability, or public ethos, or good decision making). Would that be a state with fifty percent QoG? As Agnafors (2013) readily admits, there can be “no universal and complete weighing procedure” for solving this problem. His solution is that “one can perform an incomplete weighing, at least in theory, because it will be inescapably messy in practice”.

This line of reasoning is a luxury that many political philosophers think they can afford since they seldom engage in empirical research or take responsibility for the administrative or practical side of their policy suggestions (Wolf 2011). As Agnafors (2013) states it, he does not want to take responsibility for how his many criteria for what should be included in QoG should be weighed when they come into conflict. He readily admits that his method is “incomplete” and then he adds that he does not want to address “the extent to which such
incompleteness can be overcome”. Avoiding responsibility in this way does not work for political scientists who care about the relevance of their research for peoples’ well-being. Producing a definition that cannot be operationalized in any meaningful sense will not help us answer the question of why some states are much more successful than others in implementing policies that cater to the basic needs (capabilities) of their citizens. If we were to follow this conceptual strategy, the question of what politics can do against, for example, severe child deprivation or extremely high rates of women dying when giving birth, will never be answered. Here, Agnafors (2013) as well as many other contemporary political philosophers stand in sharp contradiction to John Rawls who argued that “political philosophy must describe workable political arrangements that can gain support from real people” (Wenar 2012). Rawls’ famous theory of justice does entail two basic principles but, nota bene, they are lexically ordered making it is clear which of them that has priority (Wenar 2012).

As argued by Van Parijs (2011:1), “it is sound intellectual policy… not to make our concepts too fat”. He continues, and we agree, that “fat concepts hinder clear thinking and foster wishful thinking. By packing many good things under a single label, one is easily misled into believing that they never clash”. As known ever since William Ockham’s days, ontological parsimony is an analytical virtue. In sum, the conceptual obesity that is suggested by Agnafors (2013) and many others for what should constitute QoG will inevitably lead to explanatory impotence and thereby become unusable for policy recommendations. This is not only a question of internal academic civilities and intellectual hairsplitting since we now know that low QoG has severe effects on human well-being. As shown by Rothstein (1998, 2011), political philosophers often propose policies for which a large body of implementation research shows is beyond any known administration’s capacity to carry out. If a state would try to implement the policies they often suggest, this would lead to “bureaucratic nightmares” that in all likelihood would create a majority against policy efforts for increased human well-being. These elaborated, complex and fine-tuned principles (definitions) are thus counterproductive for realizing the principles the philosophers define as serving the purpose of increased justice.
The conclusion so far is that we should strive for a normative, procedural, universal and parsimonious definition of QoG that, moreover, can be operationalized and measured. The definition should not include the system of access to power (e.g., representative democracy) since we want to be able to explain the relation between representative democracy and quality of government. It should also not include things like efficiency, capacity and human rights since we want to be able to explain if QoG has a positive or negative impact on these things. Following the “Rawls-Machiavelli” programme as suggested by Van Parijs, this conceptual strategy can be seen as resting on the assumption (or hope) that if we as political scientists can suggest “just institutions” for making and implementing collectively binding decisions, the people that come to operate these “just institutions” are also likely to produce morally good outcomes. The alternative, that we should suggest specific (“sound”) policies or prescribe the “moral status” of the laws runs in the face of the need to reach an “overlapping consensus” for how collectively binding decisions should be made and implemented. Again, no such procedural definition (of democracy or QoG) can work as a guarantee against morally bad outcomes – we are dealing with probabilities, not absolute certainty. Since empirical research shows that higher levels of QoG (but not representative democracy) are related to higher levels of human well-being (and political legitimacy), following Amartya Sen’s capability-oriented theory of justice, we as political scientists have a moral obligation to increase our ambitions to define, measure and study what takes place at the “output” side of the political system. This is not an internal academic affair in which you can sacrifice what actually works for what would be an ideal (but un-implementable) definition. We have no doubt stating that a major part of human misery in today’s world is caused by the fact that a majority of the world’s population are forced to live under dysfunctional (low quality) government institutions.

The question is then what would be the equivalent to Robert Dahl’s political equality as the basic norm for the “output” side of the political system. Based on the type of rights-based liberal political theory launched by philosophers such as Brian Barry and John Rawls, Rothstein and Teorell (2008:170) have suggested such a basic norm, namely impartiality in the exercise of public power. This is defined in the following way: “When implementing laws and policies, government officials shall not take anything about the citizen or case into
consideration that is not beforehand stipulated in the policy or the law”. This definition is fairly precise and, as argued above, it can be applied universally. As we have shown in other studies (Charron, Lapuente and Rothstein 2013, Dahlström, Lapuente and Teorell 2011), this definition of QoG can be operationalized and measured in both expert surveys and surveys with representative samples of the population. Neither experts nor ordinary people seem to have problems understanding and answering the battery of survey-questions that follows from this definition of QoG. Moreover, these measures largely perform in the expected way when correlated with various outcome measures such as measures of human-well-being.
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Democratization and corruption: the state of the art

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Abstract

Democratization has been highlighted, theoretically and empirically, as a main factor associated to both cross-national variation in corruption and changes in corruption patterns over time. This paper critically reviews a number of hypotheses and empirical findings that have been presented on the relationship between these two phenomena, pointing out that most studies have only scratched the surface of this relationship, examining it at a high level of aggregation. Some methodological and conceptual gaps are discussed, and it is argued that more in-depth debates about conceptualizations of democratization and corruption are virtually lacking in the literature. A few approaches that could be explored in future research in order to address this limitation are mentioned.
Introduction

In the past two decades, corruption has become one of the main concerns in the international development agenda, in particular due to mounting evidence of its detrimental effects in terms of economic development and social welfare (Holmberg et al., 2009; Mauro, 1997). As a consequence, increasing efforts and resources have been directed towards reducing corruption in developing countries. Nevertheless, many evaluations point out that a large part of anti-corruption efforts has been ineffective (Heilbrunn, 2004; Mungiu-Pippidi, 2011; Persson et al., 2010). In fact, recent assessments of countries’ performance in controlling corruption show that very few countries have experienced significant improvements in the last decade (Kaufmann et al., 2009). Moreover, corruption perception indicators show that the nations that have managed to achieve very low levels of corruption are not very numerous either.

A few streams of the literature have addressed this generally pessimistic picture in different ways, but two in particular have attempted to understand the very foundations of this phenomenon. One of them has focused on understanding the underlying causes of corruption, and has gained greater momentum with the development of various aggregate corruption indicators at a cross-national level since the mid-1990s. This literature has mainly relied on a broad definition of corruption as the misuse or abuse of public power for private gain (Rose-Ackerman, 1999; Treisman, 2000). In this line of research, historical, cultural, economic and political factors have been explored as potentially explaining the large variation of corruption levels observed across countries (see Andvig et al., 2001; Lambsdorff et al., 2005; Seldadyo & de Haan, 2006 for a review). While some of these findings have suggested factors that could contribute to improving anti-corruption policy-making, others have been less policy relevant.

Another more recent stream of research, to some extent critical of the first, has sought to conceptualize and understand not the determinants of corruption per se, but of its opposite. Focusing on the concept of good governance more broadly, this literature is concerned with how a handful of societies have historically managed to achieve a governance regime.

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6 Factors related to economic and public sector policy, such as government spending, public service remuneration and economic freedom, have contributed to heated debates about potential policy interventions to curb corruption, whereas findings regarding colonial legacy, religion, and ethnic composition, among other historically determined characteristics of the society, clearly contribute less to generate new insights for anti-corruption policy formulation.
characterized by a low corruption equilibrium. These studies thus take a more societal and historical institutional approach to understanding this phenomenon, and generally define corruption in terms of a violation of norms of impartiality and universalism in the exercise of public authority (Mungiu-Pippidi, 2006, 2011; Rothstein & Teorell, 2008).

In both of these streams, democratization has been highlighted, theoretically and empirically, as a main factor associated to both cross-national variation in corruption and changes in corruption patterns over time. The literature on causes of corruption has found a strong association between more advanced and consolidated democracies and lower levels of corruption (Pellegata, 2012; Serra, 2004; Treisman, 2000, 2007). The historical institutional literature has also emphasized democratization as an important part of a society’s reaching a low corruption equilibrium, understood as part of a broader transition to a good governance regime characterized by the predominance of a norm of ethical universalism and impartiality in the treatment of citizens by the state (Mungiu-Pippidi, 2011, p. 10): “It is hard to imagine how a government can strive for recognition in good governance without engaging in a process of democratization” (Mungiu-Pippidi, 2011, p. 8). More specifically, Mungiu-Pippidi proposes a relationship between increased political pluralism and control of corruption in a society, as part of its transition to good governance over time (Mungiu-Pippidi, 2006, p. 89, 2011, p. 29).

Nevertheless, despite a burgeoning literature on the topic, existing research has only scratched the surface of this relationship, and several questions remain partly unanswered and unexplored. Firstly, at a conceptual level the debate on the link between democratization and corruption is still fuzzy, and a clear discussion of what is understood by both the dependent and the independent variables is often lacking in a large part of the scholarly work on this issue. Secondly, most studies examine this relationship at a high level of aggregation and propose multiple, and at times contradictory, causal mechanisms through which an effect of democratization on corruption could take place. As a consequence, the extensive empirical literature has explored a number of contrasting hypotheses on the nature of this relationship, offering some insightful findings, and other less conclusive ones.

In order to make sense of what is known so far about the link between democratization and corruption, the next sections present an overview of the aforementioned controversial points.
and their treatment in the literature. Section II reviews the main hypotheses and findings present in the relevant literature. Section III discusses the related conceptual issues and gaps. Section IV concludes, pointing to open questions and challenges ahead for future research on this topic.

Theory and empirical findings: a review of the literature

In the literature on democratization and corruption, a number of hypotheses have been put forth about how the former should affect the latter. This section summarizes the main theoretical formulations and the empirical evidence associated with each of these hypotheses, in order to provide an overview of what is known so far and what remains unclear based on existing research.

The linear effect hypotheses

The simplest hypothesis discussed in the literature claims that democratization should lead to lower corruption, or in other words, that it has a linear negative effect on corruption. This rather optimistic expectation derives from the very philosophical and normative ideals of democracy, based on principles such as equality, justice, citizenship, openness and accountability, i.e. values that are antithetical to corruption (Morris, 2009). It can also be traced back to theories of democratic representation, which portray representative democracy as a system where rulers are systematically induced to act according to the interests of the citizenry (Przeworski et al., 1999). As corruption, by all definitions, implies actions that benefit private interests at the expense of the collective interest, true representation would in theory preclude corrupt acts. More specifically, democracy should induce representation on the part of elected officials because voters can ultimately threaten to remove them from office, should they act in ways detrimental to the public interest (Przeworski et al., 1999)7.

7 Nevertheless, several contributions in the volume edited by Przeworski et al. (1999) argue that the retrospective sanctioning of incumbents by voters does not always take place.
This hypothesis is also linked to the public choice literature, which has explored how the introduction of elections and political competition changes the incentive structure of politicians (Montinola & Jackman, 2002). Under the assumption that politicians are self-interested and care about retaining office, incumbents would anticipate sanctioning by voters and therefore act in a way representative of their interests and refrain from corruption (Adsera et al., 2003; Andvig et al., 2001; Montinola & Jackman, 2002; Pellegata, 2012)\(^8\). Moreover, electoral competition would give the opposition an incentive to expose their adversaries’ involvement in corruption (Andvig et al., 2001; Kolstad & Wiig, 2011; Lederman et al., 2005; Rose-Ackerman, 1999; Seldadyo & de Haan, 2006)\(^9\).

Additionally, democratic freedoms and transparency should contribute to reducing the information asymmetry between voters and office holders and are thus expected to foster voters’ ability to monitor the government (Kolstad & Wiig, 2011; Lederman et al., 2005; Montinola & Jackman, 2002; Sandholtz & Koetzle, 2000). Finally, the adoption of mechanisms of checks and balances associated with democratic regimes is expected to restrict the ability of government officials to engage in corruption (Kolstad & Wiig, 2011; Lederman et al., 2005; Seldadyo & de Haan, 2006).

A second hypothesis on the effect of democratization on corruption claims that the duration of democratic regimes is negatively associated with corruption. This is linked to the argument that democratization implies, in the long term, the consolidation of democratic norms that foster a rejection of corruption by the citizenry, which should also contribute to reinforcing social monitoring of the government (Sandholtz & Koetzle, 2000). Additionally, a longer experience with democracy contributes to more solid and established mechanisms of accountability that constrain corruption (Lederman et al., 2005; Pellegata, 2012).

Although the theoretical discussion around the first hypothesis refers to the effect of democratization and implies that democratic regimes are less corrupt in comparison to non-democratic ones, recent empirical analyses have to a large extent used continuous indicators of democracy or the strength of democratic institutions, thus essentially testing for the effect of

\(^8\) Barro (1973) and Ferejohn (1986), among others, examine the conditions under which voters are able to control politicians through this mechanism.

\(^9\) Kunicová and Mattes (2006) develop a model to show that this is not always the case, however, because competitors may collude, share rents or alternate in power.
different “degrees” of democracy and comparing corruption levels not only between democracies and non-democracies, but also across what may be construed as different stages of democratization. Such studies present rather mixed findings, with results often varying according to different measures of democracy or the co-variants controlled for in the models.

Some authors fail to find a statistically significant relationship between democracy and corruption. Goldsmith (1999), for instance, examines this hypothesis for a cross-section of 34 low- and medium-income countries and finds no statistically significant effect of democracy—measured with Freedom House’s freedom indicator—on corruption, once per capita income is controlled for. Treisman (2000) also tests for the effect of democracy on corruption as part of a more comprehensive model of determinants of corruption. In cross-sectional analyses of different samples, varying from 34 to 64 countries, he similarly finds the estimated effect of democracy—both measured as a dummy variable of democratic status in 1995 and as the Political Rights index from Freedom House—to be not statistically significant when taking into account a series of other potential explanatory variables, including economic development, trade openness, legal tradition, Protestantism, colonial past, among others.

Other scholars have found some evidence of a linear negative of democracy on corruption, but this is not always robust. Paldam (2002) estimates the effect of democracy on corruption for a cross-section of almost 100 countries, taking into account the impact of cultural areas and economic factors (e.g. per capita, economic growth, income inequality) as well. He finds that the effect of democracy is sensitive to model specification, once economic factors are controlled for. In a 2007 paper that essentially replicates his initial analysis with more recent data and much larger samples (up to 162 countries), Treisman (Treisman, 2007) does find significant results, but they are not robust to changes in the democracy indicator (Treisman, 2007). Sandholtz and Koetzle (2000) examine the same relationship for a cross-section of 50 countries, also using Freedom House’s freedom indicator for democracy, and find a negative association between corruption and the strength of democratic institutions, but it is mostly significant at the 10%-confidence level, while controlling for economic freedom, average

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10 The countries in the sample are divided across six cultural groups: Western Europe, Latin America, former Communist countries, Africa, Oriental countries, and a residual group with remaining countries (Paldam, 2002, p. 227).
11 Alternatively to Freedom House’s Political Rights index, Treisman (Treisman, 2007) uses the Polity IV Democracy indicator.
income, trade, Protestantism and age of the democratic regime. Adsera et al. (2003) also estimate this effect in a more sophisticated analysis, with panel data from the International Country Risk Guide (ICRG) for the period 1980-1995 (averaged for each 5-year period) for more than 100 countries, and find results not to be robust to changes in the model specification. Bohara et al. (2004) introduce an alternative measure of democracy that emphasizes political participation over time and find stronger democracy to be significantly associated with lower corruption both in cross-section and panel analyses. Finally, Lederman et al. (2005) similarly use panel data to conduct their analysis, also based on the ICRG corruption index for the 1984-1999 period, but they do find a significant negative effect of democracy–measured as a binary variable–on corruption, both for ordered probit and ordinary least squares (OLS) estimation, while controlling for a series of cultural, policy-related and development factors and other political institutional characteristics. However, when they replicate this analysis for a cross-section of 70 countries with corruption data from the World Bank for 1999, the effect of democracy on corruption becomes insignificant.

Evidence supporting the second hypothesis, on the other hand, appears to be more robust. Sandholtz and Koetzle (2000) also test a variable of the length of democracy in their sample of countries, and find this to have a significant effect on corruption levels at the 10%-level in most of their models. Treisman (2000) finds no effect of a variable measuring years of democracy for his sample of countries, but does find a statistically significant negative effect of a dummy variable for whether the country has been a democracy uninterruptedly from 1950 to 1995. Lederman et al. (2005) also consider the effect of democratic stability–measured as the time of uninterrupted democratic experience–on corruption levels, and find it to have a significant negative association with corruption throughout the different models estimated.

12 These authors estimate the effect of democracy on corruption together with a variable called free newspaper circulation, which is measured as an interaction between the level of democratic liberties and the newspaper circulation in the respective countries (Adsera et al., 2003). The authors do not discuss the effect of collinearity between the two variables and how it may reduce the significance level of the effect of democracy.

13 Based on Dahl’s discussion of the main dimensions of polyarchy, these authors create a measure of compound democracy, generated as “the cumulative sum of the product of participation and competition for each country for each year using yearly participation (turnout/population) and competition (100- percent vote for largest party) data collected by Vanhanen (1990)”, with 1950 as the starting date.

14 This method of estimation is justified by the fact that the ICRG corruption measure varies discretely, and not continuously, between 0 to 6 (Lederman et al., 2005).

15 At the same time, there are a few case studies that explore some counter-examples of this thesis (e.g. India) and question the assumption that a longer experience with democracy is naturally associated with deeper democratization (Sun & Johnston, 2009; von Soest, 2013).
Pellegata (2012) also finds supportive evidence for the effect of cumulative democratic experience on corruption, uninterrupted or not, for a cross-section of 112 countries. Even stronger support for this hypothesis is presented by Serra (2004), who conducts an Extreme-Bounds Analysis of 16 determinants of corruption for a sample of 62 countries, and finds the negative effect of uninterrupted democracy—measured as a dummy variable for the period 1950-1995—to be one of the five determinants to remain robust to different model specifications.

The non-linear effect hypothesis

Other studies have proposed that democratization has a non-linear effect on corruption, whereby it first results in increasing corruption and only in the long term, at a more advanced stage, does it help to curb corruption. Two different sets of theoretical explanations can be associated with this idea. The first one implies that the non-linear effect is explained by a lagged negative effect of democratization on corruption, i.e. the mechanisms through which democratization helps to curb corruption take a long time to be set in motion. One of the arguments behind this proposition is that, at early stages of democratization, the mechanism of electoral control is still weak and is not able to guarantee effective accountability between voters and politicians (Pellegata, 2012). It is also argued that top-down control exercised by authoritarian governments over the economic and political spheres contribute to keeping corruption under control, but once these forms of control collapse after the transition to democratic rule, other mechanisms of control such as accountability structures and checks and balances are not yet fully consolidated, which leads to an increase of corruption in the short term (Andvig et al., 2001; Bäck & Hadenius, 2008).

The second set of explanations, on the other hand, relies on the notion that different developments associated with democratization may have contradictory effects on corruption.

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16 Extreme Bound Analysis (EBA) is a strong test of the robustness and sensitivity of explanatory variables through a series of estimations changing the composition of the set of control variables included. If the coefficients of the variable of interest remain statistically significant in the same direction from its extreme upper bound (its highest value plus twice its standard error) to its extreme lower bound (its lowest value minus twice its standard error), the variable is considered to be robust to specification changes. In the analysis conducted by Serra (2004), the other four explanatory variables found to be robust are economic development, political instability, Protestantism and colonial heritage.
(Blake & Morris, 2009; Rose-Ackerman, 1999). This view similarly considers that the aforementioned mechanisms of control take time to consolidate and to produce the expected negative effect on corruption. At the same time, though, it challenges the argument that electoral competition has predominantly positive effects on corruption. Instead, it claims that electoral competition and the “uncertainty” associated with it create both opportunities and incentives for politicians to subject to increasing pressures from business or to engage in electoral corruption through vote-buying, clientelism and illegal party-financing in order to maximize voter support (Blake & Morris, 2009; Rose-Ackerman, 1999)\(^\text{17}\). Eventually, once solid mechanisms of checks and balances, increased transparency and a free press are in place, this may be counterbalanced and surpassed by an effect in the opposite direction (Goldsmith, 1999; Kolstad & Wiig, 2011; Sung, 2004).

Mungiu-Pippidi (2006) also discusses the non-linear effect of democratization on corruption, but offers an alternative explanation. In her model, the transition from authoritarian, patrimonial regimes to incipient democracies rarely represents a challenge to the fundamental social norm of particularism and unequal treatment that governs these regimes. Instead, the introduction of political competition contributes to breaking the former monopoly of power of the ruling elite, only to allow other elite groups to compete for state rents\(^\text{18}\). In this situation of “competitive particularism”, corruption increases, and democratization only brings about a reduction of corruption once the introduction of elections is followed by normative changes that weaken social acceptability of particularism and push for stronger accountability and universalism (Mungiu-Pippidi, 2006, pp. 89–90).

The non-linear effect hypothesis was largely supported on earlier case studies on new democracies after the so-called Third Wave of democratization, showing that democratic transition was followed by an apparent increase in corruption in several countries (Geddes & Neto, 1992; Harriss-White & White, 1996; Mohtadi & Roe, 2003; Moran, 2001; Rock, 2007;\(^\text{17}\) The political machines described by Scott (1972) illustrate this dynamics. Similarly, documented cases of illegal party financing and clientelistic networks even in more advanced democracies (Della Porta & Mény, 1997) may be seen as evidence of this.\(^\text{18}\) The economic literature on rent-seeking also discusses how political liberalization in the beginning opens up access to rent-seeking activities and leads to an increase in the number of rent-seekers (Mohtadi & Roe, 2003).
Weyland, 1998; Whitehead, 2002)\textsuperscript{19}. Rock (2007) mentions examples from Indonesia and Thailand, where the democratic transition led to the collapse of centralized corruption networks and to increased corruption by local political actors. Sidel (1996) also discusses how local bossism appeared to have re-emerged in Thailand and the Philippines after democratization\textsuperscript{20}. Finally, studies on the re-democratization of Latin American countries after military dictatorships also point to evidence of an increase in corruption, especially in the realm of political financing and clientelism (Little, 1996; Whitehead, 2002)\textsuperscript{21}. A more recent study on the impact of democratization on corruption in Mexico also corroborates this hypothesis. Focusing on the changes that took place in the country’s political environment after the alternation in power in 2000, when the former hegemonic party Partido Revolucionario Institucional (PRI) lost the presidential elections and stepped down after more than seven decades of dominance, Morris (2009) finds that democratization has brought about new opportunities for corruption through state capture, new forms of clientelism and campaign finance.

The studies mentioned above have contributed with qualitative evidence of increased corruption in a number of younger democracies, but they largely concentrated on a short time horizon after democratic transition, covering mostly the first decade after the regime change. Therefore, none of them illustrate fully the hypothesized non-linear nature of the effect of democratization on corruption as predicted by the theoretical arguments previously discussed, in the sense that no “turning point”, to the effect that corruption eventually is reduced as a consequence of stronger democratic institutions, is documented for those cases. More recent comparative studies testing this hypothesis for a larger sample of countries, on the other hand, have offered more consistent evidence of a non-linear association between democratization and corruption.

\textsuperscript{19} A large part of these studies makes reference to numerous corruption scandals that came to light a few years after the democratic transitions they examine (Whitehead, 2002). However, due to the lack of straightforward measures of corruption, it is impossible to distinguish whether such cases represent in fact an increase of corruption or merely of its visibility, due to increased press freedom, for instance (Montinola & Jackman, 2002; Weyland, 1998).

\textsuperscript{20} A similar structure is described by Shleifer and Vishny (Shleifer & Vishny, 1993) as the “industrial organization” of corruption, illustrated by examples from post-Communist Russia, India and some African countries.

\textsuperscript{21} It is important to notice that several of these studies also attribute the perceived increase in corruption in those countries to economic liberalization and new opportunities for corruption linked to processes of deregulation and privatization, for instance (Whitehead, 2002).
Montinola and Jackman (2002) were the first to find statistical evidence of a quadratic relationship between democracy and corruption examining two cross-sections of 51 and 66 countries, respectively, while controlling for size of government, per capita income, oil exporting countries and regional dummies. They found non-democratic states to be slightly less corrupt than partial democracies, and a negative association between levels of democracy and corruption to exist only for countries where democratic institutions are stronger. Treisman (Treisman, 2007) partly supports these findings, but notes that the marginal effect of advances in democratization on corruption at intermediate levels of democracy is erratic and inconsistent. Bäck and Hadenius (2008) explore a similar relationship and, while they focus on the effect of democracy—measured as a composite indicator including both Freedom House and Polity democracy indices—on state capacity, the dependent variable is also operationalized with corruption indicators\textsuperscript{22}. Similarly, they find evidence for this non-linear effect for a panel of 125 countries over a period of 19 years, with a positive effect of democracy on corruption at low levels of democracy and a negative effect at high levels of democracy, while controlling for per capita income, openness to trade and British colonial heritage. Pellegata (2012) also tests and finds statistical support for this non-linear effect. Rock (2007), in turn, tests this hypothesis in panel regressions with samples between 75 and 104 countries, considering alternative measures of democracy, including one corresponding to the duration of democracy and another multiplying measures of duration and strength of democratic institutions—both based on Polity IV data. He finds a significant non-linear effect for the duration of democracy and for the combined measure. Saha (2008) also tests the non-linear effect of different measures of democracy on corruption for a panel of 100 countries and finds it to be significant for all different measures\textsuperscript{23}. Finally, Sung (2004) tests other functional forms for this relationship in a sample of 103 countries and finds statistical evidence for a cubic relationship between democracy and corruption, although this is more difficult to interpret in substantive terms.

\textsuperscript{22} Their variable state capacity is measured by combining ICRG’s Bureaucratic Quality and Control of Corruption indices.

\textsuperscript{23} The author uses Freedom House’s Political Rights, Civil Liberties and Press Freedom indices to develop indicators of narrow and broad democracy, where the former includes only the Political Rights index, and the latter consists of an interaction of all three. Moreover, the effect of each measure on corruption is also tested individually.
What is intriguing in these studies is that they have also shown that the negative effect of democracy on corruption comes about rather at higher democracy levels, thus after countries are more advanced in their democratic consolidation. This is in a way corroborated by findings of a negative association between the “age” of a democratic regime and its level of corruption, discussed above. These empirical findings thus suggest that a negative effect of democracy on corruption is observed only after a country passes a certain threshold of consolidation of its democratic institutions.

*The conditional effect hypotheses*

Finally, some researchers have attempted to explain the non-uniform effect of democratization on corruption by arguing that it is in fact dependent on other factors. Charron and Lapuente (2010) subscribe to the classic political economy assumption that democratization leads politicians to become more responsive to citizens’ demands, but argue that those demands vary according to the level of economic development in a society. In poorer societies, people’s preferences are likely to favour immediate consumption instead of future consumption. Therefore citizens would be more likely to demand the provision of goods through clientelistic exchanges and patronage, instead of the allocation of public resources to improving administrative capacity and the provision of public goods in the long term. In richer societies, on the other hand, citizens would be more likely to pressure rulers to invest in improving quality of government and reducing corruption, because they are more willing to afford the short term costs of policies in this direction (Charron & Lapuente, 2010, p. 451). The empirical analysis conducted by the authors for a panel of 127 countries finds evidence of the hypothesized interaction effect, with a negative effective of democracy on their indicator of quality of government—also a combination of ICRG’s Bureaucratic Quality and Control of Corruption, as used by Bäck and Hadenius (2008)—at lower levels of per capita income and a positive effect at higher levels of per capita income. They also control for alternative hypotheses, including the one for an effect of the duration of democracy and for a quadratic relationship between democratization and corruption, and find no evidence to support them.
Other authors have proposed that the effect of democratization on corruption is also non-linear, but varies with the degree of media freedom existent in a society. Bhattacharyya and Hodler (2012) develop a formal game-theoretical model where higher quality of democratic institutions contributes to reducing corruption, and this effect is potentialized under increased media freedom. In their model, voters choose between “good” and “bad” politicians, where the former act in people’s best interest and the latter in their own self-interest. The role of media freedom is to improve voters’ knowledge of corrupt behavior by the incumbent, allowing them to update their belief of the incumbent’s type and accordingly make their voting decision for the next term. The empirical tests to the model’s predictions, taking into account data for 126 countries from 1980 to 2008, find strong support for the complementary effect of democratization and media freedom on corruption.

Similarly, Kalenborn and Lessmann (Kalenborn & Lessmann, 2012) test the joint effect of democratization and press freedom on corruption levels for a large sample of countries, both in cross-section and panel regressions. They argue that both a free press and democratic elections are necessary for voters to effectively exercise accountability against corrupt politicians, as the former provides for detection of corrupt behavior and the latter for punishment by voters. In accordance with the principal-agent framework, they discuss that a free press has mainly the role of reducing the information asymmetry between voters and politicians. As Bhattacharyya and Hodler (2012), they also find empirical evidence to support the conditional effect of democratization and press freedom on corruption. However, their econometric analysis finds that the effect of democratization can be negative in the absence of free media.

Yet another strand of research considers that the effect of democratization may be conditional on the institutional design of democratic regimes, i.e. “the devil is in the details” (Morris, 2009; T. Persson & Tabellini, 2004; Rose-Ackerman, 1999). This stream in the literature is mainly concerned with explaining variation in corruption outcomes across democracies, and examines how contrasting institutional features of democracies affect corruption levels.

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24 Evidence for a significant independent negative effect of press freedom on corruption has also been presented in the literature on determinants of corruption (Adsera et al., 2003; Brunetti & Weder, 2003; Treisman, 2007).
25 In the authors’ definition, high quality democratic institutions imply that the incumbent is likely to stay in office when supported by the people, and unlikely to stay in office without popular support (Bhattacharyya & Hodler, 2012, p. 2).
theoretical arguments behind these analyses usually emphasize two potential effects of certain political institutions: (a) they may influence the ability of voters of holding corrupt politicians accountable, and (b) given institutional setups may be more effective in constraining corrupt behavior by those in power. However, competing arguments are presented about how and in which direction different institutional characteristics bring about these effects (Kunicová, 2006).

One of the factors discussed in the literature refers to executive-legislative relations, more specifically to the effect of presidentialist and parliamentarist forms of government. This theoretical debate is full of controversies. Theoretical models suggest that Presidentialism should be associated with less corruption, as it favors accountability by allowing voters to exercise direct control over the Executive. Additionally, its strong separation of powers would contribute to restricting opportunities for rent extraction in the government, by providing strengthened checks and balances between the Executive and the legislature (T. Persson & Tabellini, 2004). Similarly, it is argued that the increased number of veto-players under Presidentialism should reduce discretionary power and, consequently, corrupt behavior (Kunicová, 2006). At the same time, other authors argue that Presidential systems in practice often result in considerable concentration of power in the hands of the Executive, despite separation of powers, and therefore may be associated with more corruption. Together with fixed terms in office, this would in practice reduce oversight of the Executive, thus contributing to less accountability and more corruption (Kunicová & Rose-Ackerman, 2005). Finally, there are claims that higher centralization of power under Parliamentarism is conducive to stronger centralized, top-down accountability, and thus less corruption (Gerring & Thacker, 2004).

Empirical evidence on these arguments are quite limited and inconclusive. Persson and Tabellini analyze a sample of 60 democracies, using various estimation techniques, and find that Presidentialism to be significantly associated with higher corruption (T. Persson & Tabellini, 2004). Blume et al. (2009) replicate their analyses on a larger sample, with 31

26 Their analysis makes a distinction between “good” and “bad” democracies and finds the opposite association between Presidentialism and corruption among good democracies. This classification of countries is based on the level of constraints on the Executive and freedom of political participation, measured according to indicators from Polity IV and Freedom House (T. Persson & Tabellini, 2004).
additional countries, and with alternative classification of presidentialist and parliamentarist regimes, and find the negative effect of Presidentialism on corruption not to be robust to alternative measures of both the dependent and the independent variable. Gerring and Thacker (2004), on the other hand, find that Parliamentarism is significantly associated with less corruption, in a sample of over 100 democracies and partial democracies and controlling mainly for per capita income, energy dependence, democracy, Protestantism and legal origin.

A second institutional factor that is considered to affect corruption outcomes is the electoral system. A number of studies has examined how different electoral rules may affect the ability of voters of holding corrupt politicians accountable at the ballot (Kunicová, 2006; T. Persson, Tabellini, & Trebbi, 2003), and three main mechanisms are discussed. Firstly, different systems may create stronger or weaker accountability links between voters and incumbents. It is argued that plurality systems, where voters vote on specific candidates, favor electoral accountability, as there is a direct accountability link between incumbents and their constituency and reelection is more dependent on performance in office (Kunicová, 2006; T. Persson et al., 2003). In systems based on proportional representation (PR), on the other hand, voters vote on party lists determined by the parties, thus establishing a weaker accountability link between the voters and the individual candidates. This is most extreme in the case of closed lists, where the rank of elected candidates is decided internally by each party. In the case of open lists, differently, it may be argued that electoral accountability not necessarily weakened as with closed lists, because voters are also able to vote for specific candidates and influence the rank of elected candidates (Kunicová, 2006; T. Persson et al., 2003).

Secondly, different electoral systems may create different levels of political competition, thus affecting the range of alternatives that voters have to choose when they are dissatisfied with incumbents. These effects are hypothesized to work in the opposite direction as the previous arguments, however. In this debate, proportional representation is believed to increase political competition due to reduced entry barriers to new parties and candidates, especially by inducing larger district magnitude, which in turn should contribute to electoral accountability by offering voters more options of honest candidates (Kunicová, 2006; T. Persson et al., 2003).
Thirdly, electoral rules, by affecting the level of competition, impact the incentives of competitors and voters to monitor the behavior of incumbents, and thus indirectly affect the amount of information that voters may have at their disposal about how incumbents have behaved in office. Kunicová and Rose-Ackerman (Kunicová & Rose-Ackerman, 2005) propose this line of thought, arguing that increased political competition may also have a negative effect on electoral accountability: in a two-party system, the opposition has more incentive to expose corruption by the incumbents because access to power depends on defeating them; under a higher number of parties, on the other hand, the chances of each individual party coming to power on its own is reduced, and the perspective of forming coalitions with the incumbent in the future may limit the incentives of exposing corrupt behavior.

The empirical evidence for the effect of different electoral rules on corruption do not offer clear-cut answers on which system is most advantageous for controlling corruption. Persson et al. (2003) test the effect of certain electoral rules on corruption on a sample of 80 democracies—classified according to Freedom House’s ratings—, both in cross-section and panel analyses, and find that voting on individual ballots (such as in plurality systems) and larger district magnitude are robustly associated with lower corruption. Blume et al. (2009) confirm these findings in their extended analysis. However, these features are not usually implemented together: plurality systems are often coupled with low-magnitude districts, and PR is mostly combined with larger district magnitude. Therefore, comprehensive electoral reforms could have counteracting effects on corruption, depending on how these characteristics are designed (T. Persson et al., 2003). Moreover, there could be interaction effects across different characteristics of electoral systems that should be explored further (Kunicová, 2006).

Finally, the literature also considers the effect of federalism on corruption outcomes. Federalism has been argued to affect corruption mainly through the effects of decentralized government, but there are claims that it may contribute to either increased and reduced corruption (Lessmann & Markwardt, 2009; Treisman, 2000)27. This controversy is present in

27 There is another stream in the literature that looks specifically at the effects of fiscal and administrative decentralization on corruption, but this analysis differs somewhat from the one on federalism (see Bardhan & Mookherjee, 2006 for a review).
discussions on how federalism impacts the structure of public service provision. If different levels of government have some kind of monopoly over the provision of particular or complementary services, this may lead to excessive bribing by officials across those levels; if there is competition in the provision of services, on the other hand, this may drive bribery down (Shleifer & Vishny, 1993). Moreover, sub-national governments could be more prone to corruption due to limited control by centralized enforcement agencies and increased pressure from local interest groups (Kunicová, 2006; Lessmann & Markwardt, 2009; Rose-Ackerman, 1999; Treisman, 2000). At the same time, however, there are claims that corruption may be lower in federal structures, as sub-national governments can be better monitored and held accountable from below due to more proximity to local constituencies (Gerring & Thacker, 2004).

The empirical evidence has so far failed to clarify these controversies. Goldsmith (1999) and Treisman (2000) tests both hypotheses and finds evidence that federalism is significantly associated with more corruption. However, a later replication of these tests by Treisman (2007) in a larger sample no longer finds a statistically significant relationship. Gerring and Thacker (2004) apply the opposite concept of unitarism—conceptualized as a combination of non-federalism and unicameralism—and find it to be significantly associated with lower corruption. Adsera et al. (2003), on the other hand, find federalism to significantly reduce corruption. Finally, Bohara et al. (2004) also include federalism in their analysis, but find no significant relationship with the corruption indicator.

A note on mutual causality

As the several hypotheses and theoretical formulations discussed above illustrate, the relationship between democratization is one of high complexity. One main issue of concern in this literature is, naturally, if causality runs both ways between these two phenomena. In fact, there are several claims that corruption has detrimental effects on democracy. Johnston argues that competitive political processes can be undermined by corruption (2005, p. 28), and other authors mention corruption as one of the biggest obstacles and threats to democratic consolidation (Diamond et al., 1999, p. 1; Mungiu-Pippidi, 2006, p. 86). Mungiu-Pippidi
highlights how corruption, in the form of clientelism and patronage, “subverts democracy” (2011, p. 12). As Warren puts it, “corruption […] breaks the link between collective decision-making and people’s powers to influence collective decisions through speaking and voting, the very link that defines democracy” (2004, p. 328). In essence, “Corruption […] violates norms of openness and equality that would seem to be central to democracy” (Sandholtz & Koetzle, 2000, p. 31). The literature on consequences of corruption also points to its detrimental effects on democratic legitimacy (Andvig et al., 2001; Seligson, 2002).

This issue has, indeed, important methodological implications for the empirical analysis of the effect of democratization on corruption, especially in the case of the numerous quantitative analyses that have been conducted, as their results may be biased if the danger of reverse causality is not taken into account. For this reason, many researchers have made use of different strategies to minimize this problem.

Pellegata (2012), for instance, argues in favour of a concept of democracy based on electoral competition only, arguing that indicators based on this narrower concept, in contrast to more substantial notions of democracy, limit the potential for endogeneity when examining the effect of democratization on corruption. However, this rationale is questionable, if we take into consideration that corrupt practices such as vote-buying and clientelism are likely to affect the electoral dimension of democracy as well.

Other authors have relied on statistical techniques such as the use of lagged measures of democracy (Bäck & Hadenius, 2008; Treisman, 2007) or estimation with instrumental variables to circumvent the issue of reverse causality. However, in particular the identification of good instruments²⁸ for democratic institutions, required for the latter type of analysis, is very challenging, as highlighted by Treisman (Treisman, 2007). Kalenborn and Lessmann (Kalenborn & Lessmann, 2012), for instance, use latitude and dummy variables for Europe and Central Asia and Scandinavian legal origin as instruments for democracy, but their choice of instruments is not grounded in detail. Rock (2007) also uses latitude and share of Protestant population as instrumental variables for democracy. There are issues particularly with Protestantism, which has been pointed by the literature as having an independent effect on

²⁸ Instruments are variables that are reasonably correlated to the endogenous independent variable in question, but arguably do not affect the dependent variable in any plausible way (Treisman, 2007).
corruption (Mungiu-Pippidi, 2013; Treisman, 2000, 2007). Kolstad and Wiig (2011) similarly employ instrumental variable analysis in their estimation of the effect of democracy on corruption, but devise their instrument for democracy based on the democratic peace thesis, i.e. an indicator of whether a country has been at war with another democracy between 1946 and 2009. However, they do not test for the non-linear effects that have been found in other studies.

These brief remarks on the complexity of the causal links between democratization and corruption aim to stress that, although the extensive comparative literature on this subject has contributed much to advance our knowledge on the issue, there are still no absolute fool proof strategies to examine this question empirically. The reliance on aggregated indicators of democratization and lack of clarity concerning how it should be conceptualized in the scope of this relationship are issues that further aggravate this problem, and that have until now been only very superficially touched upon in the relevant literature. The next section discusses in more detail some of the conceptual gaps that remain in the literature on democratization and corruption.

**Democratization and corruption: conceptual issues**

Both democratization, or democracy, and corruption are relatively contested concepts. The respective academic literature on each of these topics includes extensive conceptual debates, and current definitions are from being consensual. In the case of democracy, for instance, definitions vary along a wide spectrum of attributes that are considered necessary to characterize a regime as democratic. A minimalist definition of democracy, for instance, requires only the selection of rulers by competitive elections (Przeworski, 1996); other less thin procedural conceptions establish additional criteria, such as the existence of full suffrage and minimal civil liberties (Collier & Levitsky, 1997; Coggedge, 2005; Dahl, 1971). At the same time, there are more substantive conceptions of democracy that refer not only to procedures, but also to effective social and political outcomes of democratic regimes. Recent discussions in this direction have articulated the concept of quality of democracy, which considers to what extent the “goals” of an ideal democracy—e.g. popular sovereignty, political
equality—are achieved in specific democratic regimes (Diamond & Morlino, 2005). In the case of corruption, similarly, numerous issues regarding the scope of the concept—e.g. public vs. private sector corruption, legal vs. illegal corruption, universal vs. culture-specific concepts etc.—continue to be under debate29.

Despite such controversies, it is interesting to notice that existing scholarly work on the relationship between democratization and corruption rarely engages in a clear conceptual discussion of either. Different studies employ distinct definitions and, at times, conceptualizations of democratization and corruption are implicit at best. In the case of democratization, only a handful of studies deliberately discuss the conceptual approach taken and which indicators most adequately correspond to the particular concept applied (Bohara et al., 2004; Pellegata, 2012; Rock, 2007; Saha, 2008). A large part of existing research appears to be more driven by data availability on aggregate indicators of democracy than by conceptual clarity and concerns with validity30. Therefore, some questions remain regarding appropriate definitional and empirical approaches for this concept when studying this relationship.

Given that democracy is still an “essentially contested concept” (Collier & Levitsky, 1997; Coppedge, 2005) and a single, consistent definition is unlikely to emerge, what alternatives are available for future research in order to minimize some of the conceptual gaps and inconsistencies that previous research has shown? A strategy that still has been little used is to study the effect of democratization on corruption in a more disaggregated manner (Bohara et al., 2004; Lederman et al., 2005; Saha, 2008). The review of the literature presented in the previous section shows numerous theoretical arguments for the effect of democratization on

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29 Some useful summaries of conceptual approaches to corruption can be found in Heidenheimer and Johnston (2002), Lancaster and Montinola (1997) and Philp (2002). A comprehensive discussion on corruption and related conceptual issues is also presented in the first section of the report.

30 Freedom House’s Freedom Index and Polity IV’s indicator of democracy are among the most commonly used measures of democracy, and often used as alternative indicators or combined into a single measure in specific studies, even though they lie on distinct conceptions of democracy. While Polity IV measures institutionalized democracy according to the competitiveness and openness of executive recruitment, constraint on Chief Executive and competitiveness of political participation (http://www.systemicpeace.org/polity/polity4.htm), Freedom House’s measure is more comprehensive and includes a civil liberties dimension. An additional problem with Freedom House’s indicator that is virtually ignored in most studies is that its Political Rights dimension includes a component called Functioning of Government, which explicitly considers the absence of corruption as a sub-indicator (http://freedomhouse.org/report/freedom-world-2012/checklist-questions-and-guidelines). For a critical assessment of different democracy measures, see Munck and Verkuilen (2002).
corruption, which often allude to a multidimensional view of democratization. An overview of the causal mechanisms that are discussed can be enlightening as to which dimensions have so far been considered as plausibly affecting corruption outcomes in a political system.

Part of the authors emphasizes the *electoral competition* component of democratization, i.e. the introduction of free and fair competitive elections. This dimension is discussed as having a negative effect of corruption through two main mechanisms: a) by empowering voters to sanction corrupt politicians in the next elections; and b) by motivating the opposition to expose corrupt behaviour by their competitors. There is a controversy, though, regarding the effect of electoral competition on corruption, as some authors also argue that it may at the same time create certain incentives for corruption, or only allow new rent-seekers to compete for state resources.

Other claims highlight the role of *democratic freedoms* of information, association and expression, also linked to the emergence of a free press, in contributing to the monitoring of governments by the citizenry and the consequent reduction of corruption in society. Furthermore, the importance of *institutional mechanisms of control* to put a check on the government is discussed. Finally, a *normative dimension* of democratization is also included in this debate, with regards to the consolidation of democratic norms that crystallize the belief among the citizenry that corruption is antithetical to democracy and the common interest.

Taking all of these mechanisms into consideration, one can see that a minimalist concept of democratization, reduced only to the electoral dimension, would be insufficient to account for its potential effect on corruption, the more so because the issue whether electoral competition ultimately contributes to an increase or a decrease in corruption is not fully settled in the literature. At the same time, a too encompassing understanding of democratization might blur the distinctions between cause and outcome, to the extent that it might assume the very absence of corruption. Thus establishing a consistent framework that can account for all the proposed mechanisms and at the same time still allow for a causal nexus between democratization and corruption is not an easy task. Given this difficulty, a disaggregated

31 Saha (2008), for instance, tests for the linear effect of an indicator of “narrow” democracy, operationalized with Freedom House’s Political Rights index, and finds it to be significantly positively associated with corruption, i.e. stronger political rights are associated with higher corruption.

32 See note 25.
approach to this question, focusing on how specific dimensions of democratization affect corruption, may offer an advantageous alternative to better disentangle the different causal pathways and the potentially contradictory effects of some of these dimensions.

Another strategy to conceptualize the relationship between democratization and corruption in a more consistent way, but at the same time bringing together these hypothesized causal paths into a clearer structure, could draw on a framework of dimensions of accountability\(^\text{33}\), as a kind of “common denominator” of the theoretical explanations offered in the literature. Several authors in the literature on democratization and corruption implicitly or explicitly talk about dimensions of accountability when describing the theoretical foundations of their analysis (Bäck & Hadenius, 2008; Kolstad & Wiig, 2011; Lederman et al., 2005). Accountability\(^\text{34}\) has in fact been highlighted by some authors as being one of democracy’s most important components (Schmitter, 2007) and a core feature of representative democracy (Morlino, 2007, p. 130). Such an approach would interpret the theoretical claims on the effect of democratization on corruption as being essentially associated with the consolidation of vertical and horizontal accountability, or factors enabling this consolidation, such as democratic freedoms and the crystallization of democratic norms.

Naturally, studying the link between democratization and corruption involves certain assumptions regarding the conceptualization of dependent variable, which faces challenges of its own. As mentioned earlier, a somewhat standard definition of corruption in the literature is based on a certain type of behaviour, usually defined as the misuse or abuse of public power for private gain (Rose-Ackerman, 1999; Treisman, 2000). This conceptualization is commonly associated with theoretical frameworks that take into account the agency relationship between voters and elected officials, whereby the former, in the role of principal, entrust the latter, as agents, with power to make decisions on behalf of their interests, in order to achieve a set of preferred outcomes determined by the principal (Kitschelt et al., 2009; Lancaster &

\(^{33}\) The dimensions of vertical and horizontal accountability are widely referred to in the literature on democracy and accountability. For a more detailed discussion on these dimensions, see O’Donnell (1994, 1999), Schedler et al. (1999), “Mainwaring and Welna (2003) and Peruzzotti and Smulovitz (2006).

\(^{34}\) Accountability implies “[…]the ability to ensure that public officials are answerable for their behavior – forced to justify and inform the citizenry about their decisions and possibly eventually be sanctioned for them” (Peruzzotti & Smulovitz 2006, p.5).
Montinola, 1997; Rose-Ackerman, 1978). Corruption thus constitutes a violation of the obligation taken by the agent to act according to the principal’s interests.

More recent scholarly work has criticized this predominant approach and the associated definition of corruption, claiming that it is empty of normative standards. This line of research has argued for a normative “core” to understand corruption, associated with the violation of principles of impartiality and universalism in the exercise of power and the allocation of public resources, in order to benefit private interests (Mungiu-Pippidi, 2011; Rothstein, 2011). In connection with this idea, they have also analysed corruption from a societal perspective and discussed how societies where corruption is widespread represent a certain type of social order and governance regime founded on particularistic values, instead of individualistic and universalistic ones (Mungiu-Pippidi, 2011; Rothstein, 2011). Mungiu-Pippidi articulates this view in a taxonomy of governance regimes, where particularistic regimes are characterized by unequal distribution of power, a state that is not autonomous of private interests, incomplete separation between public and private spheres, and weak accountability and rule of law (2011, p. 12).

Considering the different conceptual and theoretical approaches for the understanding of democratization and of corruption, it is thus crucial to assess the compatibility of the different approaches on the dependent and the independent variables. As mentioned above, very broad notions of democracy might assume the absence of corruption and create obstacles for causal inference. The concept of quality of democracy (Diamond & Morlino, 2005), for instance, presupposes a regime where principles of equality and the rule of law are upheld, which would be conceptually incompatible with the idea of corruption as a governance regime (Mungiu-Pippidi, 2011; Rothstein, 2011). A relevant discussion to this effect is the one relating democracy with access to power, in contrast to the exercise of power, which has been associated with concepts such as quality of democracy (Mazzuca, 2010) and quality of government (Rothstein & Teorell, 2008). In this dichotomy, corruption would then pertain to the sphere of how power is exercised. This is also a conceptual approach that may be useful to help to settle some of the definitional frontiers between democracy and corruption. Whether a concept of democracy should indeed exclude any consideration on how power is exercised is
debated, but these issues must certainly be more rigorously considered and discussed in future research on democratization and corruption.

**Concluding remarks**

This paper has sought to demonstrate that the literature on democratization and corruption offers insights on a complex relationship, where multiple hypotheses and causal pathways for an effect of the former on the latter are discussed. Based on existing research, some open questions remain regarding this relationship.

The latest evidence points to a non-linear effect of democratization on corruption, whereby corruption appears to increase in the short to medium term after a democratic transition and a fall in corruption levels should be observed only in the long term. This emphasizes a temporal aspect relevant to this relationship, namely that the consolidation of certain dimensions of democratization may take a long time, thus affecting the time span in which their effects on corruption should materialize. However, the specific mechanisms by which such an effect would take place are still unclear. A number of theoretical propositions have been put forth, and some of them include arguments about potential contradictory effects of different dimensions of democratization on corruption, but conclusive evidence to support or reject them are still lacking. Future studies may need to explore cases in more detail in order to shed further light on the workings of this relationship.

Another point of concern for the empirical analysis of this relationship is the matter of endogeneity, due to a likely feedback effect of corruption on democratization. This problem is still poorly addressed in the literature, and remains ignored in some of the studies surveyed. There are analyses that have attempted to address this problem through the employment of statistical techniques, but some of the solutions offered are not fully convincing, so that future research should also seek to advance in this respect, in order to generate more reliable results.

Finally, certain conceptual gaps have been identified in the literature. Most studies lack detailed discussions on the conceptualization of democratization and corruption, which creates considerable problems regarding the validity of indicators employed to measure these
variables. Moreover, in the particular case of democratization and corruption, concepts may overlap depending on how these two phenomena are conceptualized, so that a research agenda for the future should definitely engage with these issues. A few possible strategies toward advancing on this front were proposed, such as adopting a more disaggregated approach to democracy through its multiple dimensions, focusing on the concept of accountability as a central element in explaining the effect of democratization on corruption, or examining this relationship from the conceptual lens of a distinction between access to and exercise of power. These approaches could also be further articulated and pursued in future research endeavours.

In sum, the relationship between democracy and corruption still offers much fertile ground for further developments in the understanding of corruption and its causes and potential remedies. The analysis of the issues mentioned above certainly implies empirical challenges in the documentation of better indicators, but at the same time there is room for great innovation beyond existing indicators of democracy and corruption. Hopefully efforts in this direction will contribute to generating new insights for better-targeted and more effective anti-corruption policies in the future.
References


International Anti-corruption Normative Framework: the State of the Art

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Introduction

During the last fifteen years we have witnessed rapid development in the effort to combat corruption in the field of international law and corruption became a focus of global governance (Brademass & Heiman 1998; McCoy & Heckel 2001; Wang & Rosenau 2001). In 1996, Former World Bank President, James Wolfensohn, in his famous speech, identified corruption as the governance ‘cancer’ which “diverts resources from the poor to the rich, increases the cost of running businesses, distorts public expenditures, and deters foreign investors. […] it erodes the constituency for aid programs and humanitarian relief” (Wolfensohn 1996: 10).

Major international organisations joined regional, local, private sector and non-governmental organizations and produced a series of conventions, recommendations, policy statements, codes of conduct and research dedicated to fight corruption (Brademass & Heiman 1998; Camdessus 1998; Rose-Ackerman 1999). The World Bank, the International Monetary Fund, the United Nations, the European Union, the Council of Europe and the Organization of American States were all active in this movement.

More support started to be given to legislative and institutional means of fighting corruption and various regional instruments have been adopted, including the Inter-American Convention against Corruption (1996), Southern African Development Community Protocol against Corruption (2001), and the African Union Convention on Preventing and Combating Corruption (2003). The Organisation for Economic Co-operation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions has been in force since 1999. Corruption, as a tool of organized crime, was addressed by the United Nations Convention against Transnational Organised Crime (UNCTOC) and first global agreement comprehensively addressing corruption, i.e. the United Nations Convention against Corruption (UNCAC) entered into force on 14 December 2005.

Some authors even argue about the existence of International anti-corruption regime(s) (Von Rosenvinge 2009; Wolf & Schmidt-Pfister 2010), Erkkilä and Piironen speak of “anti-corruption global governance” (2009: 129), while Sampson suggests that we deal with an ‘anti-corruption industry’ or ‘anti-corruptionism’ (2010). Despite these developments and
raised awareness, recent reports show that international instruments are largely ineffective and very few countries are able to control corruption (NORAD 2009, 2011; World Bank 2011).

This Chapter paves the way for the empirical research that will be conducted in WP 10 (Monitoring anticorruption legislation and enforcement in Europe). While WP10 mainly focuses on monitoring and enforcement of anti-corruption legislation in Europe, for the scope of this project, it is necessary to present the global anti-corruption framework. First we look into the main debates in International Relations on norm compliance. We look at the three causal factors that help us explain the origins of norms in relation to anti-corruption introduced by McCoy and Heckel (2001): (1) post-Cold War era; (2) social process, i.e. interaction among actors and diffusion of information; and (3) internal process where ‘cognitive and motivational processes of individuals’ may contribute to the generation of norms. Using the model developed by Finnemore and Sikkink (1998) on norm’s life cycle, we show how international anti-corruption norms took root by tracing the development of various regional and international legal instruments. Finally, the UNCAC is analysed in more detail, as it has been recognised as a reference framework for the fight against corruption, due to which many countries formally adopted ethical universalism as a norm. However, it is a very implementation-heavy document, and requires a strong follow-up monitoring program. We argue that international actors must put in place such a monitoring mechanism; otherwise implementation of UNCAC could become an end in itself. However, it is not possible to have significant progress without domestic demand for new rules of the game and public participation in a sustainable mechanism which would prevent the eternal reproduction of privilege.

**Norm Compliance in International Relations**

By ratifying treaties, states make an explicit and legally binding commitment to abide by and give effect to the normative principles espoused in them. However, there is no guarantee that states will institute the legal protections necessary to secure their international obligations, especially because the institutional characteristics, monitoring mechanisms and substantive content of these treaties vary greatly. International law and international relations literature
over the past fifteen years has explored the extent to which states comply with treaties, especially human rights related, and reform their domestic laws and practices in conformity with the norms contained in these (See Abbott 1999; Slaughter et al. 1998). Some scholars challenged the view that human rights treaties have any demonstrable effect in improving state practices (Hathaway 2002).

A theoretical debate has grown over the efficacy of human rights. This debate is commonly played out between two theoretical extremes – realism and liberalism (Drost 1965: 12). When it comes to the consideration of human rights principles, supporters of realism or liberalism differ in their response to the question of whether human rights principles have a significant influence on decision-making in the political sphere. The realist tradition (See Morgenthau 1948; Waltz 1979) holds that human rights concerns are spurious in the context of political decision-making, or at least subservient to concerns of power and survival (Donnelly 2000: 9-11). Without an overarching authority to check the pursuit of power, the international system is in a perpetual state of anarchy, which cannot be changed (Krasner 1992: 50; Roy 1993: 452). Whereas liberalism (Keohane & Nye 1977; Keohane & Martin 1995) postulates that human rights principles can and do make significant contributions in the field of politics (Falk 2000: 4).

By the late 1990s, constructivism had become the “third debate” in the field and began penetrating most subfields of the discipline, including the study of international human rights (Ruggie 1999; Sterling-Folker 2000; Kubalkova et al. 1998). Alexander Wendt was one of the first influential international relations theorists to take up a constructivist approach. According to Wendt:

“…states do not have conceptions of self and other, and thus security interests, apart from or prior to interaction… [Rationalist] claims presuppose a history of interaction in which actors have acquired “selfish” identities and interests; before interaction…they would have no experience upon which to base such definitions of self and other. To assume otherwise is to attribute to states in the state of nature qualities that they can only possess in society” (Wendt 1992: 401-2).

Greenhill argues, that “an alternative and perhaps more subtle way in which inter-governmental organisations might influence states’ human rights performance is through a
socialization effect” (2010: 129). According to Jeffrey Checkel “[r]ecent constructivist work on socialization by international institutions and norms marks a considerable advance” in the study of international relations and that this body of research has moved well beyond the neorealist and neoliberal debate over power and interests (1999). Further, “constructivism argues and empirically documents that the effects of socialization reach deeper” than simply agents’ strategies, penetrating down to “underlying identities and interests” (1999).

Socialization effects refer to behavioural changes that presumably come about through changes in the actors’ interests. States might therefore come to respect human rights because they follow a “logic of appropriateness,” rather than a “logic of consequences” (March & Olsen 1998). As a result, compliance with human rights norms starts to take on a taken-for-granted quality that is no longer about simply satisfying the demands of the more powerful states in the system (Greenhill 2010: 129). According to Finnemore “[t]he international system can change what states want” and, thus, international institutions change state action, “not by constraining states with a given set of preferences from acting, but by changing their preferences” (1996: 5).

Finnemore and Sikkink provide a useful model of what is described as a norm’s life cycle that has significant implications for the study of compliance. The life cycle of a norm is said to consist of three stages, norm emergence, norm cascade and norm internalization (Finnemore & Sikkink 1998: 887-917). The first stage, norm emergence, is characterized by norm entrepreneurs attempting to convince a critical mass of states to adopt a given norm. The second stage, norm cascade, describes a process by which certain states, norm leaders, attempt to convince other states, norm followers, to accept the new norm. The agents of socialisation are states, trans-national advocacy networks, and international organisations (Finnemore & Sikkink 1998: 902). In order to gain acceptance, an international norm must reach a threshold or tipping point, to become “institutionalised in specific sets of international rules and organisations” (Finnemore & Sikkink 1998: 900). The tipping point usually occurs after two conditions are met: Two thirds of all states in the system must have adopted the norm and/or, key states must adopt the norm (Finnemore & Sikkink 1998: 901). The final stage, internalization, is marked by a new norm being ‘taken for-granted’ and no longer being the subject of debate (Finnemore & Sikkink 1998: 895).
Anti-corruption Normative Framework

In 2001 McCoy and Heckel in the article ‘The emergence of a Global Anti-corruption norm’, analysed the emergence and development of a global anti-corruption norm and its recognition during the 1990s. McCoy and Heckel (2001: 68), relying on Kowert and Legro (1996) and Finnemore & Sikkink (1998), describe three causal factors help us explain the origins of norms in relation to anti-corruption. McCoy and Heckel consider that the post-Cold War era as the first factor since it allowed better implementation of obligations under international treaties and increased the demand for control of corruption (2001: 68). McCoy and Heckel argue that the second factor is the social process, i.e. interaction among actors and diffusion of information (information revolution, rising epistemic communities, explosion of new actors and conferences) (2001: 69). International and domestic actors put pressure on governments to make them more accountable and in addition to this states became concerned about their international image and started signing new international treaties against corruption. The third factor is an internal process where ‘cognitive and motivational processes of individuals’ may contribute to the generation of norms. According to McCoy and Heckel a vast amount of NGOs, and especially Transparency International, play an important role in this (2001: 69). They argue that international and domestic actors should demand and monitor the implementations of commitments, as international norms are largely ineffective without enforcement (2001: 69).

According to McCoy and Heckel, the global recognition of an anti-corruption norm by the year 2000 was primarily attributed to the pivotal role of the OECD Convention, while the emergence of the norm itself has been traced back to the 1970s and the domestic context of the United States in the post-Watergate era (McCoy & Heckel 2002). In 1977, the US Government enacted the Foreign Corrupt Practices Act (FCPA), which penalized US corporations for paying bribes in foreign transactions (Sampson 2010: 273). The FCPA amended the Securities and Exchange Act of 1934 and was the first national statute criminalizing bribery of foreign officials. The FCPA also established new accounting obligations as a result of the Securities and Exchange Commission’s experience in the investigation of foreign illicit payments. The FCPA had two main components: 1) provisions
that make bribing a foreign official a crime (the foreign corrupt practice); and, 2) provisions regarding accounting practices (McCoy & Heckel 2002).35

OECD work on international bribery began in 1989, at the initiative of the United States and eight years later OECD and five non-member state countries adopted the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.36 Before the OECD Convention came into force in 1999, corruption internationally was happening in a ‘legal vacuum’ (Galtung & Pope, 1999: 259). In order to show this point the SEC vs. Siemens case from 2008 can serve as a good example. According to the US Security and Exchange Committee (SEC) prior to 1999, bribery (‘useful expenditure’) at Siemens was widespread and tax deductible. Since the ratification of the OECD Convention, however, corrupt practices have been subject to increased international and domestic scrutiny. The bribery of foreign public officials was legal and tax deductible in Germany on the 14th of February 1999 and illegal and criminally persecuted from the following day illustrates why the OECD Convention represents a tipping point in attitudes against corruption in a global context (Katzarova 2010).

Transparency International, founded in 1993, emerged as the leading international non-governmental organization (NGO) devoted to combating global corruption, with now more than 100 chapters worldwide working to raise awareness about corruption and devising anti-corruption strategies for business and government with its flagship Corruption Perceptions Index (CPI)37 (Galtung & Pope 1999; Wang & Rosenau 2001).

Another relevant international development starting in 1994 was the decision of the Organization of American States (OAS) to address corruption and bribery. The Inter-American Convention Against Corruption (IACAC) was adopted and opened for signature at

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35 The accounting provisions of the FCPA were established to address the concern that companies were concealing improper foreign payments through either off-the-book payments or deceptive accounting practices, such as the maintenance of dual sets of books.

36 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, Done at Paris, Dec. 18, 1997, 37 I.L.M. 1. The OECD Convention was signed on November 21, 1997 by the twenty-six member countries of the Organisation of Economic Co-operation and Development and by five non-member countries: Argentina, Brazil, Bulgaria, Chile and the Slovak Republic.

the Specialized Conference at Caracas, Venezuela on March 29, 1996.\textsuperscript{38} The \textit{IACAC} set itself the broader objective of fighting corruption in governmental affairs and deals with the passive and active aspects of bribery, both internal and external (Posadas 2000).

In 1995, European Union indirectly addressed the issue of corruption in the \textit{Convention on Protection of the European Communities’ Financial Interests}.\textsuperscript{39} In 1996 the \textit{Protocol to the Convention on the Protection of the European Communities’ Financial Interests} was adopted that specifically deals with corruption involving national and Community officials which damages, or is likely to damage, the European Communities’ financial Interests, however it was narrow in scope, as corruption was defined exclusively for the purpose of protecting the financial interests of the European Communities. In May 1997 a \textit{Second Protocol to the Convention on the Protection of the European Communities’ Financial Interests} was adopted that intended to further supplement the Convention by requiring States to ensure that legal persons can be held liable and punished accordingly for fraud, active bribery and money laundering which damage or are likely to damage European Communities’ financial Interests.

In 1997, the Council of the EU adopted a very important \textit{Convention on the Fight against Corruption involving Officials of the European Communities or Officials of Member States of the European Union}. It requires Parties to criminalize the request or receipt by a public official of any advantage or benefit in exchange for the official's action or omission in the exercise of his functions ("passive bribery"), as well as the promise or giving of any such advantage or benefit to a public official ("active bribery").

In 1998 the Council of Europe adopted the \textit{Criminal Law Convention on Corruption} (entered into force 1 July 2002) and in 1999 the \textit{Civil Law Convention on Corruption} (entered into force 1 November 2003), which was the first attempt to define common international rules in the field of civil law and corruption, i.e. civil action to obtain compensation can be initiated by persons who have suffered damage as a result of corruption. In 2003 an \textit{Additional Protocol to the Criminal Law Convention} was adopted, which extended the scope of the \textit{Criminal Law Convention} to arbitrators in commercial, civil and other matters, as well as jurors.

\textsuperscript{38} The IACAC entered into force on 6 March 6 1997 and 33 States are Parties to this Convention.

\textsuperscript{39} This Convention deals with fraud affecting Community revenue and expenditure and, as definition of fraud covers also the corrupt act of the embezzlement of the funds of the European Communities, says that Member State shall take the necessary and appropriate measures to transpose it into their national criminal law in such a way that this conduct constitutes criminal offence.
An important actor in the fight against corruption is the Group of States against Corruption (GRECO) that was established in 1999 by the Council of Europe to monitor States’ compliance with the organisation’s anti-corruption standards. Currently, GRECO comprises 49 member States (48 European States and the United States of America). GRECO’s objective is to improve the capacity of its members to fight corruption by monitoring their compliance with Council of Europe anti-corruption standards through a process of mutual evaluation. It helps to identify deficiencies in national anti-corruption policies, prompting the necessary legislative, institutional and practical reforms. GRECO evaluation reports, which are examined and adopted by GRECO, contain recommendations to the evaluated countries in order to improve their level of compliance with the provisions under consideration. Measures taken to implement recommendations are subsequently assessed by GRECO under a separate compliance procedure. So far GRECO has launched four evaluation rounds dealing with specific provisions of the Twenty Guiding Principles (and associated provisions of the Criminal Law Convention).

On the African Continent two anti-corruption treaties were adopted in 2001, namely the SADC Protocol against Corruption and the ECOWAS Protocol on the fight against Corruption and another one in 2003 – AU Convention on Preventing and Combating Corruption.

All conventions and international treaties mentioned above provide for measures to prevent corruption, e.g. calling on States to develop and maintain an anti-corruption body, standards for the recruitment of the public sector personal, codes of conduct for public officials, measures to prevent money laundering, means to promote civil society, and higher accounting and auditing standards in the private sector. They also require State Parties to criminalize corrupt practices in domestic jurisdictions. However many provision in these conventions are not obligations, but merely recommendations and many states are reluctant to follow those.

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40 The evaluation process follows a well-defined procedure, where a team of experts is appointed by GRECO for the evaluation of a particular member. The conclusions of evaluation reports may state that legislation and practice comply - or do not comply - with the provisions under scrutiny. The conclusions may lead to recommendations which require action within 18 months or to observations which members are supposed to take into account but are not formally required to report on in the subsequent compliance procedure.

41 One of the strengths of GRECO’s monitoring is that the implementation of recommendations is examined in the compliance procedure. The assessment of whether a recommendation has been implemented satisfactorily, partly or has not been implemented, is based on a situation report, accompanied by supporting documents submitted by the member under scrutiny 18 months after the adoption of the evaluation report.
recommendations. That is why a discussion about ‘genuine effort’ by the states to meet their anti-corruption obligations arises quite often. According to Jorge ‘genuine effort’ should entail more than parliamentary debate and shall include the hearings of experts by Parliament, public hearings with broad representations of civil society and expert reports circulated among the legal community, or, if necessary, referendums (2007: 53).

**United Nations Convention against Corruption**

The first global agreement comprehensively addressing corruption is the *United Nations Convention against Corruption (UNCAC)*. Previously, corruption, as a tool of organized crime, was addressed in 2000 by the *United Nations Convention against Transnational Organised Crime*. Within the General Assembly there emerged a common understanding that there was the need for an international legal instrument against corruption itself (Webb 2005). *UNCAC* was adopted by the United Nations General Assembly and opened for signatures at a conference in Mexico in December 2003. The ratification of the *UNCAC* has been high on the agenda of the global anti-corruption movement, representing “a crucial step in building a worldwide framework to combat corruption” (Heimann & Dell 2006: 1). It entered into force on 14 December 2005, after 30 states had ratified it and as of 31 January 2014 has 169 parties.

The objective of the *UNCAC* is to promote and strengthen measures to combat corruption, both domestic and international. It is a very comprehensive and implementation-demanding document, encompassing the most advanced laws and procedures (Mungiu-Pippidi et al. 2011). It is not surprising that the Convention lacks an explicit definition of corruption. This was from one hand because of the fact the states could not agree on a single definition (Babu 2006), but on the other hand it was also thought to leave space for including future forms of corruption. *UNCAC* calls for a much wider range of offences than other anti-corruption conventions and goes well beyond defining corruption mainly as bribery.

*UNCAC* rests on four pillars: Prevention, Criminalization, International Cooperation and Asset Recovery. The majority of the *UNCAC* requirements are practical, however it is necessary to do quite a lot in the way of realising them. States, becoming party to the *UNCAC*, voice their willingness and desire to resist corruption, but the positive effects of such activity are lost
quickly, if governments do not take the fulfilment of convention obligations seriously. It requires from the governments of the countries that they join to achieve at least the following:

- Adopt preventive anti-corruption policies and practices;
- Establish and operate preventive anti-corruption body or bodies;
- Establish and enforce Codes of conduct for public officials;
- Establish and operate appropriate systems of public procurement and management of public finances based on transparency, competition and objective criteria;
- Establish public reporting mechanisms; and
- Promote active participation of society in the prevention of and fight against corruption.

Most of the obligations require State Parties to enact new laws or incorporate/amend the existing laws. However, according to Rajesh Babu (2006), obligations, enlisted in different provisions of the Convention, do not carry the same level of power. Babu analyses those provisions and states that there are measures, which could be classified as ‘mandatory’, consisting of obligations to legislate; measures that State Parties ‘must consider applying or endeavour to adopt’; and measures that are ‘optional’. In case the phrase used in a specific provision is “each State party shall adopt”, the provision is mandatory in nature and the States are bound to legislate. On the other hand, if the phrase used is “shall consider adopting” or “shall endeavour to”, the States are only urged to consider adopting a certain measure or to make a genuine effort to make its legal system compatible. Whereas in the case of optional provisions, the phrase used is “may adopt”. Several articles also contain safeguard clauses which limits the obligations of State parties in case of conflicting “constitutional or fundamental rules”.

While **UNCAC** provides new opportunities and guidance for national policies and anti-corruption measures, it also poses considerable new challenges, for instance the temptation to undertake too many anti-corruption measures at the same time. In order to address the multifaceted phenomenon of corruption, Article 5 of **UNCAC** stipulates, among other provisions, that “Each State Party shall, in accordance with the fundamental principles of its legal system, develop and implement or maintain effective, coordinated anti-corruption policies that promote the participation of society and reflect the principles of the rule of law,
As a fundamental preventive provision, Article 5 puts emphasis on a strategic approach and is a gateway for the implementation of UNCAC provisions (Hussmann 2007). This article reflects the conviction of the States Parties that anti-corruption measures should be embedded in coordinated policies instead of being carried out in isolation or an ad hoc manner. It also recognises that anti-corruption approaches cannot be confined only to technocratic solutions aimed at fixing certain systemic problems. Rather, it places emphasis on the realm of public policy and thus acknowledges the inherently political nature of anti-corruption work (Hussmann, 2007: 15).

The adoption of the UNCAC marked a new era in the history of the fight against international corruption. The Convention is the most comprehensive and far-reaching anti-corruption treaty ever adopted by the United Nations. The United Nations and its Member States by adopting the Convention within a short span of two years have proven that the international community means business in relation to its fight against corruption.

The Convention may not end corruption, nor is it perfect. It may also lack the power to enforce its provisions, but the Convention gives the UN the mandate to encourage civil society actions and to devote resources to strive to ensure that the fight against corruption is waged with vigour. The UNCAC has a broader mandate than any previous anti-corruption initiative. Unlike any of its predecessors, the Convention has the potential to create and disseminate a truly global anti-corruption movement that will affect governments and businesses in both developing and industrialised countries.

The TI set up a study group in 2006, which examined the implementation of the Convention and in its conclusions pointed to the need for a strong follow-up monitoring program (Heimann & Dell 2006). After slow progress of signatories developing a consensus about the nature of the review mechanism and its terms of reference, the deadlock was resolved in November 2009 at the State Parties meeting in Doha, where the international community called for the adoption of an “effective, transparent and inclusive mechanism for the review of implementation” and signed Resolution 3/1, titled ‘Review Mechanism’. In accordance with article 42 of the terms of reference of the Review Mechanism, there was established the Implementation Review Group as an open-ended intergovernmental group of States parties, which operates under the authority of and must report to the Conference. The functions of the
Implementation Review Group are to have an overview of the review process in order to identify challenges and good practices and to consider technical assistance requirements in order to ensure effective implementation of the Convention.

*UNCAC* offers a comprehensive reference framework for anti-corruption work and it provides new opportunities to orient policies and anti-corruption measures at national levels. However, it also poses considerable new challenges. The temptation to undertake too many anti-corruption measures at the same time may be reinforced, and the drive to amend or pass ever new laws in line with high international standards might draw attention away from effective implementation of what is already in place (even if it does not live up to the highest standards). In short, implementation of *UNCAC* could become an end in itself instead of serving as a vehicle for strengthening governance systems, accountability and public integrity (Hussman 2007: 25).

**Conclusion**

Practice shows that many countries ratify international treaties due to pressure of the international community when if not due to pressure from donors directly. Hence this does not mean that their governments and societies are in some state of transition or modernization. Most of them are fairly stable equilibriums. They are not fair societies, fully democratic political systems or mature markets: but they neither undergo a process of institutional change, nor have significant groups pushing for change. These States ratify international treaties following a “logic of appropriateness,” rather than a “logic of consequences.” The practice of modernization as a top down policy thus creates a gap between an official norm and the actual practices and rules of the game in a society. It is by no means certain that the gap will be filled by the simple passage of time if certain conditions are not met (Mungiu-Pippidi 2012).

Due to the *UNCAC*, many countries formally adopted ethical universalism as a norm. However, *UNCAC* is a very implementation-demanding document, and it requires a strong follow-up monitoring program. What the international community should do to increase its impact is to conceive the *UNCAC* implementation and review as mechanisms to stir collective action. The *UNCAC* can have an impact only if the entire society contributes to a check on the
government. Expecting the treaty itself to bring about change is not an option. Strategies must be adapted to needs accordingly: the *UNCAC* is a collection of institutional tools, not all similarly effective or useful, of which some have the potential to become effective weapons, depending on the context. This is true, however, only if local actors choose them and fight the long fight with them (NORAD 2011).

In conclusion, despite the fact that the amount of international anti-corruption norms increased, one can see the lack of academic attention to them, especially in comparison with other fields of corruption related research. There is a need for a comprehensive study that will systematically map and analyse all developments that took place in the international anti-corruption framework, especially in the field of monitoring and enforcement of anticorruption legislation.
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Conceptualizing Organized Crime: A transaction cost approach to make-or-buy decisions and corruption.

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Introduction

Literature on political corruption usually underestimates the role played by criminal organizations as makers and/or buyers of corruption and protection. Apart from some noteworthy exceptions (Gambetta, 1993; Della Porta & Vannucci, 1999; 2012; Hill, 2003; Varese, 2001; Gournev and Bezlov 2012), organized crime remains a neglected concept in the study of political corruption. Moreover, the increasing availability of data about this phenomenon around the world also makes the lack of theoretical frameworks even more remarkable. Most of the approaches have poorly developed a theoretical framework able to grasp the complexity of this relationship. Beyond major studies on Italy (Gambetta, 1993; Della Porta and Vannucci 1999, 2012; Paoli 2003), Bulgaria (Gournev and Bezlov 2012) and Mexico (Pimentel, 2000) few empirically based academic studies examine how traditional and non-traditional organized criminals interact with politicians and civil servants. This paper aims at theoretically addressing the role played by organized crime in fostering and/or governing illegal markets, effectively filling the theoretical gap in the literature. Transaction costs theory could be useful in understanding the specific contribution of criminal organizations, and especially how their presence can provide an infrastructure of governance to contracts. Empirically, there is in fact a difference between groups aiming at simply producing illegality in criminal markets (such as corrupt exchanges), from groups seeking to govern the same market through the provision of protection to both criminal and legal actors. Therefore, this paper aims at offering an alternative conceptualization of mafia-type criminal organizations. By doing this, it analyzes the conditions under which some rudimentary hierarchical structure more likely might govern also illegal transactions. In contrast with most dominant approaches, this theoretical frame decisively de-emphasizes the role of violence as a resource of disputes’ settlement, by explaining, on the contrary, other enforcement mechanisms that can lead to ex-post regulation of transactions.

The paper is organized as follows. In the first section, we illustrate some methodological issues in the existing conceptualizations of organized crime and mafias. Then, we present an overview of new institutional approach to organization and crime. A new conceptualization of the varieties of criminal organizations is proposed in the following section, departing from the “make-or-buy” decision that these organizations have to make in
relation with protection. In another section, we address the effect of path dependence upon stationary or predatory types of organized crime, followed by an analysis on the governance of corrupt exchanges. At the end, there is an overall evaluation of the benefits of a similar approach, and a brief assessment of policy implications.

1. Concept Stretching and Organized Crime: “The night in which all cows are black”

Organized crime, as many authors indicated, is an ambiguous and confused concept (Paoli, 2002). It has become commonplace to observe that there is no uniform understanding of it, not to speak of a generally accepted definition (Levi, 1998; Finckenauer, 2005; Varese, 2011). As a result of it, their utterances in everyday language have tended to be imprecise and detrimental to social and political researches, and thus we are left with an ambiguous, conflated concept, produced by a stratification of different meanings 42. The literature has produced an endless list of definitions as a result of disciplinary, geographical, regional, cultural and legal differences 43. This has progressively reinforced the idea that it is not possible to achieve a common conceptualization of the phenomenon (Allum and Siebert, 2003: 6). In most of the cases, in fact, the concept has developed inductively, through prototypical case studies, or the adoption of definitions taken from legal frameworks at national and international levels. Because of it, uniqueness is still a dominant conclusion in the studies on organized crime, not only in terms of theory – see the proliferation of approaches – but also in terms of empirical analysis due the supposed lack of comparability across cases. Without doubt, the phenomenon has multifunctional examples and a multifaceted nature: criminal, economic, ethno-cultural, and political ones. In organized crime, we can see at the same time the hunger for money and profits, the rhetoric of cultural and natural codes, the will to power. However, this is also true for most of the phenomena in social sciences. If we handle the problem by considering the methodological issues encountered in other fields of research – such as security studies, democratic theory or political mobilization – we would notice that

42 Paoli properly noted that the expression ‘organized crime’ has been used as an ‘ambiguous catchphrase’ (Paoli 2002: 51-52)
43 As von Lampe pointed out “the multidisciplinary dimension has not necessarily ensured a high level of theoretical penetration of the objects of study” (von Lampe, 2006:77).
there are no concepts in social sciences whose definitions have not been contested or considered ambiguous. Nonetheless, no one would question the comparability of democracy, for instance, as a concept able to travel across countries, even though many different measurement strategies have been proposed.

Therefore, on a methodological point of view, the most summary examination of the definitions suggested in the literature cannot but discover at least two main issues. First, there is a problem of the levels of abstraction. What are missing in the literature are middle-level categories to define the phenomenon (Sartori, 1971). By contrast, especially in the past, organized crime has been defined very narrowly. The net result has been that the gains in connotative precision have ten to be matched by losses in comparability. For instance, there was the idea in many approaches that organized crime was dominated by a single and monolithic criminal organization made up of criminals sharing the same ethnicity – like in the case of the Italian mafias in the US. Even today, the category of monopoly is still considered a necessary condition in order to define an association of criminals as “organized”. However, by arguing that, we might confuse an outcome of the market/system – and thus the result of interactions between actors and structural conditions – with an intrinsic characteristic of single/collective actors. This has been a quite predictable outcome since simultaneously policy-makers were trying to design legal frameworks suitable to capture a hidden phenomenon for the first time in the history of crime. Consequentially, in many cases, scholars have been more interested in developing a legal taxonomy of organized crime, instead of explaining it in terms of behavior. By contrast, in more recent contributions we experience what is called a “concept stretching” (Sartori, 1970, 1984) problem. In the attempt to let the concept travel beyond the environments in which it has been originally formulated (primarily in the US and in Italy), the concept finally has accommodated broadly dissimilar cases, losing any analytical leverage. We see the routine inclusion of inappropriate cases into the same conceptual categories – such as the lake of distinction between provider of illegal goods and providers of contracts’ enforcement. Or, the extreme watering-down of the concept itself such that it no longer retains any real defining characteristics and ceased to reveal useful
information about organized crime and its counterparts – like in the case of some all-
encompassing concepts such as “global crime” or “state crime” (von Lampe, 2006)44.

Second, poorly developed concepts can also be the result of a selection problem
concerning the unit of analysis. When we look at the actors, the literature often confuses single
families with organizational orders between more groups. The result is that an independent
group becomes a nation-wide conspiracy with wide and strong connections. In the same way,
the hierarchical order within a group is taken, as there are also hierarchies between groups.
This makes no sense when measuring the impact of groups in the respective limited
areas/sectors in which they effectively operate. In addition, this state of equilibria are taken for
granted, and presented as time-invariant orders, or, in some cases, as product of formal
constitutions enforced by criminals. A similar problem occurs when we refer to the
protection-extortion business. In this case, the literature has systematically conflated the
market of the (illicit or licit) good being protected, with the market of protection itself
(Gambetta 1993:19). On the contrary, any successful analysis must preserve a clear distinction
between protected commodities and protection as a commodity (Gambetta 1993: 18-20).

It is due to these ambiguities that the term still shows limited ability to explain or
predict both variation in the organization of illegal markets and in the interplay with legitimate
institutions and actors. Part of the problem has been the lake of cross-national analyses of
criminal organizations, though some of the dilemmas that could emerge in cross-national
comparisons would arise even in comparing organizations within the same country. What is
needed is testing and refining the concept through comparison with other cases, but this is
made more difficult by varied usage, including either too much vague or restrictive definition
of the phenomenon. Therefore, the accumulation and comparison of cases represent a solution
to expanding explanatory power of the concept we are in use.

2. Illegal Markets and the Informal Infrastructure of Governance

44 In recent approaches, the term “encompasses such diverse phenomena as the whole illegal market,
Contracts and transactions are complex and unavoidably incomplete in the upper world. This condition is especially true also in instable environments – such as in illegal markets. As a result, the hypothesis that institutional environment closely determines the measure in which the agents are going to cooperate or, on the contrary, compete, is not valid only in the case of formal and legitimate forms of regulation but also in informal and illegal ones. With no doubt, producing illegality affects the way we make or sell both goods and services in the environments (Schelling, 1971; Reuter, 1983).

As proposed by the new institutionalism theory, any forms of economic, social or political interactions, in fact, need an institutional infrastructure of governance (Dixit, 2004:1-2). Any kind of agents may find it beneficial to engage in behavior that is “privately profitable but socially dysfunctional”, or that are simply “dysfunctional” for the system. Like in the upper world, extensive arrangements fundamentally shape the incentives and resources of criminal actors, and the implementation of certain type of “informal” institutions can help actors overcome various dilemmas arising from collective choice situations – especially the need to coordinate their behavior by disciplining expectations about the behavior of others. Some conducts need to be deterred too, because, otherwise, they would negatively affect the incentives to produce and exchange valuable goods and services. In criminal contexts, informal rules are both weakly enforceable and poorly institutionalized (Reuter, 1983). By contrast, in the legitimate world, the law provided by the State should usually do the job.

When rules are enforced, thieves are prosecuted and contracts are guaranteed, etc. The State provides the legal framework in which all activities take place, though it faces high costs to enforce this framework. However, as suggested by new institutionalism, it is not only the State facing the cost of transactions. More generally, any organization, both internal and external, imposes costs because in reality contracts are complex and thus incomplete. This applies to written contracts, but also to relational and to implicit contracts (Klein, 2008). Consequently, in every institutional environment agents are exposed to risks because circumstances may change unexpectedly the negotiated conditions, and partners can fail in adapting to such changes. These are what Williamson (1991) calls as “maladaptation costs”. According to the economist, contractual difficulties can arise from several sources: “(1) bilateral dependence; (2) weak property rights; (3) measurement difficulties and/or oversearching; (4) intertemporal issues that can take the form of disequilibrium contracting, real time responsiveness, long
latency and strategic abuse; and (5) weaknesses in the institutional environment” (Williamson, 1996: 14). All actors aim at reducing these costs, by adopting an appropriate governance structure with the particular characteristics of the transaction. Therefore, markets as form of institution exist beyond the operating independent agents, because an underpinning infrastructure of governance operates also in illegal contexts (Varese, 2010). In fact, even when “standard” features of the state are absent, alternative institutions for governance emerge. The explanation can reside in the different costs: building up from scratch, or modifying state institutions may be costly, other alternatives may cost less. The issue is whether these alternative institutional arrangements are widely effective, in which conditions, and in which span of time. More than in legal transactions, opportunism is a crucial problem in illegal contracts, and several conditions weaken cooperation favoring opportunistic behaviors. First, in illegal agreements there is a low degree of ex-ante definition of property rights. Second, agents have no possibility of ex-post regulations of disputes, and to recourse to the law to ask for their settlement. There are no possibilities for using “legal” authority to enhance asymmetries of power, that at the end are the result of the changeable balancing of power among the actors. Spontaneous and conventional enforcement mechanisms can emerge – such as change of partners, reiteration moved by loyalty or embeddedness, diversification of exchanges over time – but these mechanisms would not tackle the uncertainty caused by the lack of ultimate forms of punishment. Third, under incomplete information, conventional mechanisms of disputes’ settlement have less chances of success. Agents have not the possibility to collect freely and openly missing information, filling the gap of asymmetric and incomplete information, thus, they have fewer opportunities to minimize ex-ante transactions costs by themselves. Especially in illegal markets, information is limited and the same agents deliberately block and manipulate its circulation in order to reduce competition or to escape from law-enforcement and seizure. Therefore, when workable arrangements and good order about ex-ante property rights cannot be easily achieved, a demand of ex-post mechanisms of enforcement would gain ground on the market. However, it is not merely a problem of disputes’ settlement, but as Williamson suggests “the object is not mainly to resolve conflict in progress but also to recognize potential conflicts in advance and devise governance structures that forestall or alternate it” (Williamson, 1985:23). Forth, foreseeing conflicts is especially
required in illegal markets, where the precariousness of order and structures is often a consequence of exogenous shocks from external players (such as law-enforcement actors).

This approach to analyze persistence and change in both formal and informal institutions, gives a crucial insight into the world of illegal transactions, and moves towards a more concrete explanation of the contribution that each agents can give to the establishing and institutionalization of governance structure also in illegal markets. What clearly emerges is that there are actors not able to enforce and protect their transactions by themselves, and are forced to ask for this service on the market. On the hand, there might be some actors carrying out these activities of protection, that can enforce some forms of governance designed to drop the costs of internal organization, and, sometimes also, those external costs fueled by the market. These differences within the same environment can lead to the formation of hierarchies among actors, which finally order and rule illegal transactions, but also those that are informal or legitimate. Based on this assumption, we can thus propose some categories that help us in differentiate criminal organizations from mafia-type ones, anarchic forms of governance from stationary and enduring ones.

3. Conceptualizing Mafias: “make-or-buy” decision and governance

Some type of crimes are intrinsically linked to the idea of organization. If a crime is committed by an individual or by a criminal network depends in part upon the nature of the crime. Certain crimes literally cannot be committed by persons acting alone because of their complexity, interactive and multi-faceted nature. Whether a group or an individual can produce certain illegal goods or services is also dependent upon the nature of the situation and the availability of partners. Therefore, the characteristics of certain sectors in informal or illegal environments lead to more or less organized production modalities that means that agents involved into that network go beyond a single or limited criminal opportunity and actually organize themselves to continue to produce certain illegal commodities in a durable way. Organizations can have more or fewer of these characteristics, but criminal networks that are totally or even substantially lacking in them, should not be considered true
independent criminal organizations (ICOs)\textsuperscript{45}. In this section, we try to capture the varieties of these organizations, by singling out some abstract categories able to grasp the complexity of this phenomenon. By doing this, we answer to a research question traditionally developed in institutional economics. In particular, we question why independent criminal groups should make its own inputs concerning the protection of transactions, they should buy them on the spot market, or they should maintain an ongoing relationship with a particular supplier. As argued by some authors, we believe that “firm boundaries depend not only on technology, but also on organizational considerations; that is, on the costs and benefits of various contracting alternatives” (Klein, 2008:436).

Figure 1. Conceptualization of Organized Crime

\textsuperscript{45} In simple, crimes “that are organized” cannot be considered as being the same thing as organized crime. As a matter of fact, in many cases, corrupt exchanges are certainly organized and see the involvement of a networks of actors, but in many cases these are not committed by a single and enduring criminal organization. When this happens, an organization with some specific characteristics would emerge. Following Finckenauer (2005, pp. 67-70), criminal organizations, in fact, can be envisioned as being arrayed across a spectrum based upon having a greater or lesser degree of the following features: (a) Criminal sophistication, and in particular the degree of planning is used in carrying out crimes. The persistence across time of these illegal activities and skill and knowledge required in carrying out these crimes; (b) Structure, in regard to the existence of a division of labor with clearly defined lines of authority and leadership roles, and if this structure maintains itself over time and over crimes; (c) Self-identification, thus the participants in criminal activities see themselves as being members of a defined organization, relying on some specific type of bonding, such as the use of initiation rites, tattoos, blood ties.
The initial divide is between independent organized criminals and mafia-type criminal organizations. The obvious transaction with which to begin is the “make-or-buy” decision upon protection. Not all organized nor independent agents have the capacity to protect themselves and their transactions on the market, or, in other words, to succeed in eliminating competition from others, or to enforce the deals contracted by doing business. As presented above, opportunistic behaviors are favored in this environment and cheating might not encounter in any forms of sanction. Although violence is not the only resource could be used to enforce transactions, however, not all agents are willing and have the capacity to use it in a way to punish opportunism.

Therefore, for some agents it is more advantageous to buy protection services rather than to make them by themselves. An ICO “attempts to regulate and control the production and distribution of a given commodity or service unlawfully”, as stated by Schelling (1971: 179). For instance, a political corrupt network may seek to extract and allocate political rents, but do not have the capacity to govern it over time. Such an aspiration requires investments in a special set of resources, which are not necessarily available to illegal entrepreneurs. Nonetheless, they remain independent from those organizations providing protection, and do not belong to them though they benefit from it. However, in real-world, this demand of protection or informal governance does not always meets a supply. Establishing a reputation of protection provider is not an easy task for any agents. Although collectivity in a market gains an advantage from the presence of alternative forms of governance that drop transactions cost – as explained in Buchanan’s paradox – however, independent criminals would see increased their costs in producing illegality due the presence of an informal taxing authority (Schelling, 1971). In the absence of alternative sources of protection, agents normally face the risks of contracts breach or of state’s seizure, with no other exits. Then, what is interesting to know is why some criminal groups choose a vertically integrated structure, while others specialize in one stage of production of illegal goods or services and outsource protection and contracts enforcement. They can outsource to another group, a mafia-type one, or, when, as
most of the cases, a single supplier does not exist, limit the risks outsourcing services to many third-part enforcers.

*Hybrid Mafioso Criminal Organizations: self-protection but not provision*

Conversely, they are organizations that pursue a “make decision” upon protection, internalizing the costs to achieve it. As we know, in fact, the autonomous search for protection – i.e. the goal to drop transactions costs without relying on the market – requires the control of critical resources whose combination permits the self-enforcement of transactions. Reputation, information, intelligence and violence are the main resources singled out by Gambetta when he explains the modalities of producing protection. All these resources constitute a sort of production costs for those organizations facing a problem of protection of their own transactions. The access to these resources has different modalities. Certainly, producers of illegal goods and services at large-scale have more opportunities to afford the costs of producing protection, to the point to decide the internalization of such costs, especially when they realize that their transaction cost level would go down, gaining an absolute cost advantage in comparison with ordinary criminals and competitors. In effect, protection means also control of competition, hence the capacity to limit the entrance of new agents by placing various barriers. For example, by minimizing transaction costs they have more chances in dropping the prices to prevent the entry of potential competitors to the market, or, if they also decide to sell this protection to other agents, to benefit from the economies of scale that accompany this business. However, as suggested by organizational theory, there are also some organization costs that cannot be ignored before taking a “make decision”\(^ {46}\). Internalization brings other kinds of costs, namely problems of information flow, incentives, monitoring, and performance evaluation. The capacity to afford these costs without outsourcing protection sets

\(^{46}\) More recently Dick (1995) has developed a framework to analyze the issue of the vertical integration in different institutional settings. In particular, Dick focuses on the illegal firms’ choice between buying protection from a specialized organization and producing it internally. To investigate such issue, Dick suggests an decomposing the total transaction costs between production and organizational costs. Production costs are typically lower in a specialized organization due to economies of scale and scope and would call for market supply by a non-integrated producer. On the contrary, the organizational costs to coordinate inputs in specific uses and to adjust to unforeseen contingencies are lower in an integrated structure because of the high specificity of the assets involved
a crucial distinction among the agents operating in the same environment. At this stage, protection can also be measured in terms of self-governance, thus the power to enforce and regulate contracts within the same organization. Setting *ex-ante* regulations for the members, monitoring their conducts, disputes’ settlement and rents distribution are primary examples of self-ruling governance of transactions. In illegal environments, this means that before providing this commodity to others, the organization should be able to protect its own members from law-enforcement and competitors, by internalizing the resources and activities needed for it. Literature often underestimates internal transaction costs, by emphasizing only external ones. Especially in illegal markets, the costs of transacting business, i.e. discovering the relevant partners, negotiating and enforcing contracts, should also include the costs of internal organization and coordination (Dick 1995).

*Mafioso Criminal Organizations: to sell is better than only to make…*

To sum up, in Figure 1 we can distinguish at least three different modalities of organizing transactions. First, independent agents (ICOs) that rely on the market to regulate transactions and look for alternative form of governance (a group in the gambling sector demanding protection from other criminals, for instance). Second, there are agents that find more convenient to protect themselves without asking for the help of the market. A large drugs cartel has the resources, on one hand, to capture policy-makers or law-enforcement agents to gain immunity for its activities, and, on the other one, to enforce deals with business partners against potential desertion or breaches of contracts. This agent can be considered a hybrid

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47 “An agent who serves only one buyer depends totally on that buyer. In an extreme case the agent may be just an employee. […] Protection in this case is internalized within the buyer’s firm and kept under his control (in the extreme case it is “internalized” in the buyer himself, who provides his own protection directly without paying for anyone else’s services.)” (Gambetta, 1993: 85)

48 In the same way, as any other organizations in society, criminal groups are based on a set of agency relationships. Any organization faces problems of asymmetric information, imperfect monitoring and opportunistic behavior, although such problems are pervasive in the underworld. The relevance of these agency problems also explain why large criminal organizations are not such a natural outcome also in illegal markets. Only a limited criminal family can shorten the agency chain, dropping the costs and risks of organizing activities. If agency problems, in fact, already negatively affect the overworld, where legitimate and more less effective enforcement mechanisms have been set up, in the underworld these problems are even more critical. Because of it, criminal organizations are localized, relatively small, unable to control members perfectly, and forced to rely on different resources in order to govern interactions (Varese 2011:3).
mafia type organization, because it is not imposing itself yet as a provider of protection services for those who demand it on the market. By contrast, this occurs in the case of a mafia-type organization. In his compelling study, Gambetta clearly points out the peculiar characteristics of mafiosi. He says that: “Mafiosi may sometimes be dealers in a variety of commodities both legal and illegal […] but this is not the differentia specifica separating mafiosi from ordinary entrepreneurs. Mafiosi are first and foremost entrepreneurs in one particular commodity – protection – and this is what distinguishes them from simple criminals, simple entrepreneurs, or criminal entrepreneurs (Gambetta 1993: 19). The choice to sell the same protection to other independent agents is not consequential, but it depends primarily on the ability to fulfil the “make decision” goal. Internal organization also affects this process, because goods and services traded in market are previously produced within a firm (Williamson 2008:50). The provision on the market, in fact, requires the power to protect independent agents from other providers, taking Schelling’s words “against the one who offers it, […] against rival taxing authorities” (Schelling 1971: 185)⁴⁹. The presence of a market – that agents can also contribute to create – opens new opportunities for agents to move from “make” to “sell” decision⁵⁰. Since there is a voluntary demand for these services, the coercive elements in the relations between organized crime and illegal firms are in its need to use violence occasionally to preserve its reputation as an authority to solve disputes or to enforce contracts⁵¹. This change is clearly described by Gambetta (1993) in his attempt to analytically distinguish mafiosi from independent criminals.

⁴⁹ “Criminal monopoly means the use of criminal means to destroy competition. Whether competitor is actually destroyed or merely threatened with violence to make him go out of business, the object is to get protection from competition when the law will not provide it and when it cannot be legally achieved” (Kopp, 2003:63).

⁵⁰ Protection means several activities. For instance, scholars have established that mafia-type criminal organizations are able to supply genuine services like protection against extortion; protection against theft and police harassment; protection in relation to credit obtained informally and the retrieval of loans; and the settlement of a variety of social disputes. The Mafia offers protection services to entrepreneurs of illegal commodities, such as protection for thieves, prostitutes, loan sharks and drug dealers. Mafiosi also protect their clients against law enforcement, or enforce illegal agreements and deals among corrupt actors (see Varese 2011 for a more detailed review).

⁵¹ The main reference is Gambetta (1993). When agents engage in: “unstable transactions in which trust is scarce and fragile” (Gambetta 1993, p. 17), they are not protected. A mafioso can sell protection to one party, or to both in exchange of a fee, making the transaction possible. The idea is that he offers a guarantee. The difference with respect to simple intermediaries, is that the latter do not use violence. Selling protection, as remarked, implies the possession of violence (force) among the resources of the protector.
If the agent is to become independent, the number of clients must be greater than one, and ultimately numerous enough so that no individual buyer is essential for business to succeed. It is better still if there is a variety of customers so the agent can avoid depending on any one type of buyer; his protection then becomes abstract currency, a credible commodity in more than one area” (Gambetta, 1993 : 85).

As soon as an organization establishes itself as a protection provider, it starts aspiring “to govern transactions in the underworld by providing services of dispute settlement, cartel enforcement and more generally governance of illegal transactions” (Varese 2011:12). Along this line, Gambetta (1993) builds on Schelling’s intuition and argues that organized crime operates as a governance structure mostly addressed to the underworld so that its activities cannot be reduced to the supply of illegal goods. A mafia group can be directly involved in some stages of production and distribution of illegal goods and services, as any other illegal firms (Varese 2011). However, the distinguishing feature of mafia-type organizations is to perform some activities typical of a governmental authority: maintaining peace, setting rules, arbitrating disputes, enforcing discipline, providing protection (Schelling (1971)). In a ladder of abstraction, a mafia group would a sub-type of independent criminal organization that attempts to control both internal and external costs in the supply of protection. By giving this definition, we base the primary category of mafia-type organization on the role/activities effectively carried out by a group, and not on the existence of any specific internal and vertical integration of functions. Nonetheless, we assume that the organizational methods of supplying an infrastructure of governance determine the conditions under which protection is guaranteed, the degree of intimidation and violence on the underworld, and the influence of criminal organizations. Each of the supplier groups adopt different strategies of internalization, pursuing different goals in terms of vertical integration. However, some organizational modalities of transactions are needed in order to internalize both internal and external protection costs, and then to play a regulatory role in the market. With no doubt, the organization would benefit from economies of scale. In a way, it can drop some costs in the provision of some activities that are crucial both for its internal and external governance. Violence is a costly resource for criminal organizations, though criminals are not always considered risk-adverse actors. On the contrary, by constraining violence, a mafia drops one of their most important “external costs”, especially when this group is able to internalize rivals or competitors within the same organizational boundaries, and to institutionalize and restraining
violence through internal procedures and hierarchies. Lobbying and corruption also benefit from economy of scale. Independent criminals can probably afford the costs of corrupting a single law-enforcement agent, but they cannot cultivate at the same time relations with more hierarchical structure – such the senior management or policy-makers. By contrast, mafia-type organizations can establish corrupt exchanges with both political actors and administration based also on reciprocity: mafiosi can protect corrupt exchanges between politics and business both in electoral markets and policy-making, getting back money and lenience on enforcement and legislation. Therefore, there are more advantages for independent criminals to turn to the services of a larger organization than to produce the “corruption” input themselves (Kopp 2003:35-37). As a result of it, we can say that certain mafia-type organization may aspire to proceed to vertical integration, by bringing within their network a number of agents sufficient to dropping external costs and providing protection at larger scale. Whether or not an organization is able to pursue this strategy determines a further distinction between those organizations that become stationary from those that shift to a more predatory strategy. In the next section, we explain the difference between the two categories.

4. Path Dependence, Protection and Market: stationary vs roving bandits

Different infrastructures of governance created by mafia-type organization can exist. First, transactions can take place within a hierarchical or an anarchic market. Not all MCOs, in fact, share the same organizational arrangements to govern first their own members and then the environment in which they operate. Especially in illegal markets where interdependence is high and risky, new informal institutions are costly to create and often generate learning effects, coordination effects, and adaptive expectations without violent response.

Marcur Olson uses a ‘criminal metaphor’ to set a distinction between stationary and roving bandits. Those in power in a certain domain, in fact, can be moved by a ‘narrow interest’ (self-interest) or an ‘encompassing’ one. Individual criminals differ from a mafia family in the way they control a community. The individual thief gets very little from the gains of that society and has a limited control upon his self-interest. Whereas, the mafia family, which gets a major share from the income of society monopolizes crime in that
community and develops a moderate encompassing interest or stake in the overall income of
the community. Based on this difference, a ‘roving bandit’ (under anarchy) has an incentive
only to steal and destroy. A predatory organization is aware that even cultivating the market
can be risky because opportunistic competitors might take advantage of the market he creates.
Therefore, they don’t aim to pursue a long investment in cultivating a consumer interest, or, as
a result of it, a relation with the political elites. By contrast, a ‘stationary bandit’ has an
incentive to encourage a degree of economic success, since he will expect to be in power long
enough to take a share of it. The stationary bandit thereby takes on the primordial function of
government – protection of his citizens and property against roving bandits.

“Under anarchy, uncoordinated competitive theft by “roving bandits” destroys the incentive to invest
and produce, leaving little for either the population or the bandits. Both can be better off if a bandit sets himself
up as a dictator – a “stationary bandit” who monopolizes and rationalizes theft in the form of taxes” (Olson, 1993:
567).

In other words, a stationary bandit seeks to achieve a dominant position in the
underworld itself, participating in its governing. In this sense, a similar organization
contributes to establish a governmental structure into the underworld, helping to maintain
peace, setting rules, arbitrating disputes, and enforcing discipline (Kopp 2003:67). Two
important mechanisms can explain the “institutionalization” of certain infrastructure of
governance ordered by mafia-type groups: path dependence and territory.

Issues of territory and temporality are at the hearth of the analysis of mafias’
organizations. Conversely, many approaches in the literature still underestimate or neglect
their relevance. However, if path dependence arguments are appropriate and crucial in many
political phenomena, these arguments certainly shake previous explanations of behavior in
criminal world. As opposed to other circumstances when they are absent, mafias set up the
conditions for a regulation of transactions grounded in a dynamic of “increasing returns”. It
means that in a similar context the “costs of switching from one alternative to another,
increases markedly over time”, because “the relative benefits of the current activity compared
with other possible options increase over time” (Pierson, 2000: 251-252). In the underworld,
the assumption that “once a state has started down a track, the cost of reversal are very high.
There will be other choice points, but the entrenchments of certain institutional arrangements
obstruct an easy reversal of the initial choice” is even more valuable (Levi 1997, 28).
As presented in the previous sections, higher transaction costs make illegal and informal markets much more unstable and mutable than institutional arenas. These factors would lead to the conclusion that increasing returns are less likely to occur in the underworld. However, different starting conditions can also lead to similar dynamics of increasing returns, especially in the presence of strong efficiency-enhancing mechanisms of competition and learning. MCOs are an example of it. Coordination among actors can change the path of crimes' organization, resembling collective action processes and problems. In places where effective mafia-type organizations operate, observers would be struck by the considerable stability of patterns of these groups over time. Therefore, in places where these type of organizations emerged independently from a specific demand of protection, the governance of illegal markets cannot be easily avoided over time. Some key historical junctures or exogenous conditions might lead to the emergence of mafias\(^\text{52}\). Once these organizations have surmounted initial start-up costs (the presence of competitors and alternative legal commodity) and fueled processes of adaptive expectations, these are reproduced through time, “freezing” the criminal markets. The long and enduring presence of criminal organizations in many countries around the world gives support to the hypothesis that “organizations have a strong tendency to persist once they are institutionalized” despite massive social, economic, and political changes over time. Dealing with organizations, and not only with diffuse networks, we can also observe in the case of mafia-type groups self-reinforcing dynamics associated with collective action processes. Data on criminal groups in Italy, or the same in US, give strong evidence of the organizational persistence that can result from positive feedbacks also in the underworld. In other words, as organizations, mafia have a life of their own, and want to become and remain durable institutions (Selznick, 1950: 10), benefiting from path dependent forces. Because of it, the institutionalization of mafia-type organizations induces self-reinforcing processes that makes reversals of course increasingly unattractive over time (North, 1990). This is particularly true, especially in the case of MCOs, when certain actors

\(^{52}\) A large literature has scrutinized this puzzle, especially in the political economy literature. Scholars have addressed several hypotheses from different approaches, but only few empirical works have tried to control for them (Bandiera, 2003). Most of the studies, in fact, have preferred explanations at macro-level, without profiting from the variation existing both across space and over time. More recently, other approaches have accounted for this variation, offering more plausible model of analysis. Following Sung (2004) and Skaperdas (2000), we can group the causes within five main sources of change: 1. institutional/political changes and crises; 2. economic conditions and changes; 3. geography; 4. state regulation and policy changes; 5. ethnic and social distance.
are in a position to impose rules on others, and the employment of power may be self-
reinforcing (Mahoney, 1999). Actors may use criminal authority to generate changes in the
informal rules of the game designed to enhance their power. Disparities in resources among
contending members remain stable over time as positive feedback sets in, though the overall
impact upon the reality outside the organization is negative. Douglas North gives a general
explanation about the persistence of these equilibria:

“Unproductive paths persist ... The increasing returns characteristics of an initial set of
institutions that provide disincentives to productive activity will create organizations and interest
groups with a stake in existing constraints. They will shape the polity in their interests. Such
institutions ...provide few rewards from increases in the stock and dissemination of economically
useful knowledge. The subjective mental constructs of the participants will evolve an ideology that not
only rationalizes the society’s structure but accounts for its poor performance. As a result the economy
will evolve policies that reinforce the existing incentives and organizations.” (North 1990, p. 99)

In the case of stationary MCOs, two crucial mechanisms deserve more attention: bureaucratic distortions and mechanisms, and second, the territorial dimension. Certain
organizational arrangements may encourage groups to deepen and foster relationships with
individuals of the same groups and/or with other organizations, also by relying on biological
and familiar ties (such as blood ties). The strategy to overlap criminal and blood family in
many criminal organizations clearly shows the interest in preserving a certain criminal order,
which means reinforcing coordination and adaptive expectations within and among groups.
Those who design the organizations in such a way may wish to bind their criminal successors
and internal competitors. More than in the upper world, criminal actors must anticipate that
their criminal rivals may soon control their reins of government. To protect themselves, they
may create rules that make preexisting arrangements hard to reverse. In doing that, criminals
also want to bind themselves. To constrain themselves and their most favored friends,
criminals create large obstacles to institutional changes. These obstacles facilitate forms of
cooperation and transaction that would be too costly otherwise. To avoid anarchy, existing
organizational rules increase the attractiveness of existing institutional arrangements relative
to hypothetical alternatives. “As social actors make commitments based on existing
institutions and policies, their cost of exit from established arrangements generally rises
dramatically” (North, 1990; Pierson, 2000). For instance, above all organizational
arrangements in mafias, exit is not an option available for “made” members. Defection is paid
with the life. By no coincidence, the strongest sanction ever in human behavior is preferred.
Second, stationary mafia organizations are associated with groups having specific areas under control in which generally they have sole operating authority or in an oligopoly situation. In some cases, in fact, they are basically territorial groups, providing an infrastructure of governance for all those transactions occurring in the same area – as opposed to groups controlling and ordering transactions in a limited sector, such as, for instance, the construction building. Rooted in a territory, these organizations can reduce some internal and external transaction costs that can critically endanger the continuity of governance. Organizations can easily monitoring their own members, controlling for any initiatives against the leadership, but also their clients/victims whose activities are necessarily located on their territories. Monitoring costs for enforcement are then drastically dropped. Second, limited small-areas also facilitate the putting into place of alternative systems of governance among mafia-type groups, by simplifying the complexity of contracts and especially the allocation of ex-ante property rights. Territories are then regulative tools that order mafia groups’ relationships and limit the use of violence to settle disputes. Moreover, territorial anchoring favors economy of scale, and, more importantly, vertical integrations with the political and institutional sphere. As a matter of facts, electoral politics is territorial as well. Registration and voting process generally depend on where voters live. As a result of it, these organizations can use a variegate menu of electoral manipulation consisting of several alternatives for controlling voters, more than the mere use of intimidation and force (Schedler, 2002). They can then help favored politicians in retaining political support by voters. Thanks to territories, stationary organizations can better “rationalize thief”, but also rationalize their own internal arrangements.

3. Organized Crime-Corruption nexus: a transaction cost perspective

In borrowing from Oliver Williamson (1985), some authors argue that in illegal markets just as in legal markets it is a question of relative costs whether a transaction is market-based or occurs within the framework of an organization (Andersen, 1995; Fiorentini and Speltzman, 1995). They further argue that the factors determining transaction costs in the legal sphere are also decisive in an illegal setting, these being bounded rationality,
opportunism and asset specificity (Smith, 1994). When the parties of a transaction operate under conditions of uncertainty, when they are prone to self-interest seeking with guile, and when they are making investments that cannot be easily redeployed to other purposes some form of organization is inevitable (Smith, 1994: 135). In particular, if we consider corruption, transaction costs are crucial.

“Transaction costs of corrupt agreements differ from those of legal deals because there is a need to camouflage and because partners to such a deal end up with potentially damaging information about each other. For these reasons, corrupt agreements are more likely to employ middlemen or result as a by-product of legal exchange and social structures.” (Lambsdorff 2002, pp. 221-222)

Lambsdorff (2002) defines at least three different types of transaction costs in corrupt exchanges: the costs of searching for partners, the setting up of contract conditions, and the enforcement of contract terms. As in many other illegal exchanges, corruption deserves an infrastructure of governance to control for these costs. MCOs are particularly efficient in providing the necessary services to reduce uncertainty among corrupt actors. In some noteworthy studies the contribution of middle-men in corrupt exchanges has already been analyzed (Lambsdorff 1999, 2002; della Porta and Vanucci 1999, 2012; Rose-Ackerman 1999, pp. 91–110). We can thus summarize MOCs’ contribution to corruption stability in three main factors: (1) they can reduce the costs of seeking partners because they have and provide information with respect to the capability of potential partners of the corrupt network; (2) they can drop the costs of determining contract conditions, by monitoring the negotiation about corrupt agreements among actors, by increasing trust among corrupt agents, and, in case, by forcing reaching some contract dealings among the actor; (3) in corrupt networks there is again the problem of enforcing deals and promises among criminals in the absence of third-party enforcers. In the literature scholars have proposed different solution paths for this problem. An appropriate punishment can be inflicted so as to reduce future payoffs of any defector (and transmitting information on such defectors) in bilateral continuing relationships and within the context of small groups. Punishment takes the form of refusing future interaction. A minimum of collective action is then required to ensure that information on cheats flows to others in the group. However, MOCs might be more effective in favoring the enforcement of corrupt agreements using several resources. They offer to enforce the corrupt agreement, thereby deterring actors from cheating on the deal. They do not only punish
defection with violence, but are also able to monitor compliance in networks that include a large number of actors (Vannucci, 2013). The efficacy in enforcing the agreement is mainly based on other conventional resources: such as the reputation established within and outside of illegal markets; the territorial presence in the same area for a long span of time, which favor repetition of corrupt exchanges and also stronger social relationships which increase the advantages to be gained in the long run from profiting from opportunistic behavior; by vertically integrating either with politicians or with private entrepreneurs.

Nevertheless, what is important to emphasize, here, is that corrupt networks might implement forms of governance not necessarily based on the intermediation and enforcement of MOCs. As stated above, we can also find ICOs which simply organized the exchanges among corrupt actors replacing in a certain way the role played by MCOs. There has been evidence of party organizations that at local level have created structured system of corrupt exchanges, mainly based on conventional resources of enforcement of such agreements (Della Porta & Vannucci, 1999; 2012), whereby some individual actors were in charge of monitoring the system, enforce the agreements and settle the disputes. However, as argued in the previous section, MOCs’ governance would differ not only in terms of the different inputs they can put into the system (violence among all), but also for the expectations they raise in other actors and for the overall longer stability of the networks. As a matter of fact, not all corrupt networks are under the governance of MOCs, even in those areas where these organizations operate. The transaction costs’ theory can help in predicting the intervention of MOCs in these exchanges, and thus in explaining the variation in mafias’ presence into corrupt networks. Here we analyze the vulnerabilities linked to the economic and institutional settings of policy of interest, and how they impact the potential intervention of MOCs.

Vulnerability of Corrupt Networks to Mafia Intrusion

Different policy decisions create different incentives and mechanisms of rents’ extraction and allocation amongst the actors. Source of variation is not only the policy sector and its characteristics, but also who are the recipients of such policy decisions (in other words are they targetable or not?). Following the characteristics that make a firm more likely to become victim of extortion, we can think about those that make a corrupt network more likely
to be protected by criminal organizations. Some of the arguments are related to legal and institutional actors, others related to illegal ones that can be relevant for legal activities as well. Following Fiorentini (2000), we can argue that the probability of mafias’ enforcement is higher:

1. the higher the difficulty of obtaining protection from others organizations or institutions, as is the case of firms operating in areas in which weak party organizations operate or other type of corrupt enforcers are lacking. In this case mafia’s intrusion can also occur when transactions are still legal, though carried out through informal and unfair practices. The overall actors’ perception about the “rule of law” in the country – “the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence” (Kaufman et al., 2006: 4) – is a good predictor of the demand alternative source of transactions’ enforcement. In the case of Italy, for instance, World Bank Indicators place the country at the seventy fourth position in the world. In addition to that, if transactions are purely illegal, as already remarked, both payers and takers bribes, e. g., other “criminals”, cannot obtain protection by the State or any other legal institution;

2. the higher the observability of output and profits, which makes more difficult for the actors involved in the corrupt network to hide these magnitudes and potentially escape from the payment of protection money. Thomas Schelling (1971: 187) makes the example of the bookmaker. A bookmaker must be visible to attract customers. Being visible makes it difficult for him to hide from mafia intrusion. In addition, the activity of the bookmaker is simple and easy to monitor. The same can be argued for those policy decisions that determine the allocation of a great amount of political rents. Big public contracts and tendering, or those companies operating, for instance, in “protected markets” – such as those depending on public transfer and spending – cannot easily hide their position in these markets and especially rents extracted through corruption exchanges;

3. the higher the territorial specificity of policy intervention, given the importance of control on territorial basis typically exerted by criminal organizations, and, the difficulties in carrying away the policy intervention “in an attempt to escape extortion” (Schelling 1971:187). Most of policy decisions apply to targetable places – as in the case of those economic activities in need of “a place of business” (Schelling 1971: 187) – because are
designed to affect some specific locations that deserve the attention of policy-makers. This is the case of public investments in construction and infrastructure, or the provision of other public services and utilities that cannot be displaced in other territories – such as transport, healthcare, waste-collection, and so on so forth (Gambetta & Reuter 1995:122);

4. the higher the capacity to transfer the payment of bribes and protection services on the final price, such as overpricing for services carried out by private providers and setting higher prices for the public payer;

5. higher are the transactions costs amongst competitors and public contracts receivers due to higher possibility of market-sharing mechanisms. The latter can be a consequence of (a) **location** when firms operating for public tenders in one territory do not compete with firms in other territories (and are therefore protected from competition from firms from different territories); b) **customers**, when “cartel members ... agree not to accept or seek business from customers who are currently served by another member of the cartel” (Gambetta and Reuter, 1995:123). This kind of collusion is especially easy to maintain when public contractors are few, easily identifiable, and violations of the agreement can be easily detected and the corresponding sanction easily imposed; c) **queues**, when public contractors are few, and buy repeatedly, then a cartel of sellers may be organized in which sellers create a queue. This case perfectly fits with a public works chain. A1 adjudicates the first contract, then A2 sells the next time, etc. For example, Gambetta and Reuter (1995:124-125), describe the mechanism by which cartel members agree in advance on the firm which will adjudicate the public work, and make fictitiously high offers to let the chosen one prevail. This occurs within a broader agreement on the rotation of cartel firms in the adjudication of public contracts. The enforcement of the agreements is guaranteed by the organization, which levies a “tribute” on the participating firms. This is true for those public interventions, which give more chances for cartel members to share the same public decision-maker and payer. An example is represented by suppliers of the public administration, in which firm X supplies schools, firm Y supplies hospitals. If clients are not numerous and therefore sharing them is not viable, to create “queues” among the cartel firms, for instance to supply the same client repetitively in time. The Public Administration can be quoted as a case of a unique client which can be supplied by many firms in time, for instance because it can contract out different works, services, etc, following the procedure described above.
4. Conclusions: disentangling the link between corruption and organized crime

The infrastructure of governance in corrupt exchanges is a crucial variable to understand the development and persistence over time of corruption in a certain country. Both theoretically and empirically, the study of political corruption needs to focus also on those “less-than-good” arrangements that secure corrupt agreements over time, increasing their long-term efficiency and stability (Varese, 2010). Although principal-agent models still play a crucial role to theoretically framing and studying corrupt exchanges, scholars should not ignore or underestimate the impact that some self-reinforcing dynamics associated with collective action processes may have upon corrupt networks. The presence, for instance, of organizations that devise and enforce governance structures to forestall and economize the potential costs of illegal transactions, would dramatically affect the way corruption is produced. This is especially true, if these organizations do not only aspire in governing corruption, but also any other forms of illegality carried out in a limited territory. In this case, the ordering of corrupt exchanges that would not emerge spontaneously – through, for instance, repeated interactions among corrupt actors –, on the contrary, will be supplied by a single organization able to perform some activities typical of a governmental authority: maintaining peace, setting rules, arbitrating disputes and providing protection. Mafia-type criminal organizations offer a similar contribution to corruption network. Without doubt, they can be also involved directly in some stages of production of illegal goods, but their peculiarity is to supply forms of regulation and governance in both legal and illegal markets. This paper tries to frame theoretically the intervention of these type of organizations by using the analytical tools of transaction costs theory (Williamson, 1985). This approach helps us in distinguishing the two-fold interaction of MCOs with political corruption.

First, a more classical interaction, in which these groups naturally gravitate toward government as any other private interest group that try to capture policy decisions and alter public interests. Following this logic of interaction, these organizations seek to influence the direction and content of governmental action to reach organizational goals – immunity against law-enforcement, rent-seeking (Della Porta & Vannucci, 1999). In this sense, MOCs are, after all, organizations, which pay attention to whatever is necessary to the maintenance of the
integrity and continuity of the group itself. This means that mafias have preferences over public policies and do not attempt to displace the state, even though they are at war with it. They exist side-by-side with the state, in a relationship variously referred to as complementary or symbiotic (Armao, 2003; Della Porta & Vannucci, 2012). Although this is the archetypal interpretation of link between organized crime and political corruption, this model of analysis still contradicts those recent approaches, which state that these organizations want only to replace the State, being constantly at war against authorities. Both in theory and in reality this relationship differs from this interpretation.

Second, MCOs can be involved in corrupt exchanges as regulator of these transactions, not as producer. As shown by this paper, the governance of corruption market allows these organizations to exploit economies of scale and scope related both to their illegal and legitimate economic activities. Both legal and illegal activities carried out by these organizations often produce outputs or use inputs that are also needed in corrupt exchanges (information, money, connections, reputation, protection) so that it is profitable to integrate in these transactions (Anderson, 1979).

The characteristics of the policy arenas, some self-enforcing dynamics in the system and the different organizational arrangements of MOCs are source of variation in both the interaction modalities between these organizations and corrupt actors, and, thus, are crucial in understanding their development.

To conclude, the benefits of including also the study of criminal organizations in corrupt exchanges are not only theoretical, but this approach has crucial policy implications as well. Anticorruption policies, in fact, cannot be devised and framed only thinking about the principal-agent relationship behind corrupt exchanges, but should also consider their real impact on the infrastructure of governance, especially if this is enforced by MCOs. The failure of anticorruption policies targeting specific forms of political corruption is also the result of MOCs intrusion in the system. This paper tries to isolate this impact from other causes, which explain the persistence of political corruption over time.
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Corruption as social exchange: the view from anthropology

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Introduction

Scholars and policy makers are today confronted with the fact that corruption has become one of the most pervasive notions in public debates over quality and efficacy of governance. Due to its social importance and complex nature, corruption has been studied by diverse social sciences. Thus, on the course of these last three decades, various sciences have covered various topics related to corruption such as the shifts moving from an evolutionary concern for the historical forms of corruption in the western world (Scott, 1972; Heidenheimer, 1989), its influence on political factions and parties (Della Porta, Vannucci 1999; Kawata, 2006), its functional role in political systems (Leff, 1964; Huntington, 1968; Montinola, Jackman, 2002), its nexus with democracy, civil society and development (Bardhan, 1997; Rose Ackerman, 1999; Doig, Theobald, 2000; Johnston, 2005). Obviously, each scientific field has its own priorities in investigating corruption. For example, economists have been interested among other topics by the causes of corruption and its influence on economic development (Mauro, 1995; Svenson, 1995). Political scientists have addressed political themes such as the importance of political institutions, the regulation or freedom of press in relation to corruption (Rose-Ackerman, 1999). For example, Anderson and Tverdova showed that citizens in countries with higher levels of corruption express more negative evaluations of the performance of the political system and exhibit lower levels of trust in civil servants (2003).

One of the most striking features of the “corruption boom” in the social science is the relative absence of anthropology. A large literature review has shown that anthropological research about corruption is marginal in the specialised scientific literature (World Bank, 2006).

However, the reasons to develop our knowledge on corruption using the anthropological lens are numerous. Firstly, since the seminal work of Malinowski, various anthropologists have advocated the importance of fieldwork (1922). Levi-Strauss for example stressed the importance to understand any phenomenon from the perspective of the “indigenous” (1980). Since corruption is a social practice, the observer should carry out an inside analysis with a critical observation at ground-level implying collecting rich qualitative data (Kerby, 1991). Ethnography offers a qualitative tradition which allows an in-depth, investigation of the phenomena. The anthropological fieldwork is especially relevant when considering some criticisms that have been made of large-scale empirical research. Such large surveys...
correspond to cross-national research using the same definition of corruption when in fact various cultures have different understandings of the concept and international comparative analysis is difficult. The very nature of fine-grain ethnography develops through the researcher’s constant interactions with local people, and the construction of mutual trust with them makes up a significant portion of the true success of fieldwork and then explains the added-value of anthropology to study corruption.

Secondly, anthropology could be an answer to the problem of ethnocentrism and then offer the views of the victims of corruption, especially in developing countries. It is true that some research about corruption could be judgmental of other cultures. Thus, many social scientists working on corruption are often from Western-countries, criticizing the immoral action of corruption in non-Western countries. For example, in the often quoted article by Mauro (1995), the author showed that corruption lowers investment, and then economic growth. Anthropologists see this thesis as highly judgmental since the argument of Mauro could be translated as “developing countries are poor since they are not honest”. Without focusing on its moral implications, anthropology could offer a rich analysis of corruption. Indeed, the third argument in favour of an anthropological query is to focus on a cultural analysis of corruption rather than a moral one. Obviously, this “added-value” of anthropology in the social sciences is linked to its theoretical priorities such as culture and social arrangements as major objects of research.

Despite various arguments in favour of an anthropological approach to corruption, there are a number of problems with which anthropologists confront in the study of corruption. First, the fieldwork about corruption raises some ethical concerns for the anthropologists. The study of such practices implies to resolve the issues related to the anonymity of informants, the use of gathered data and the role of the anthropologists as an “intruder” in the observed social reality (Atkinson, Hammersley 1983; Clifford, Marcus 1986). Secondly, although most social scientists agree on the damages of corruption, the moralization of the debate is of little help if not an obstacle in the scientific inquiry (Leff 1964; Leys, 1965; Nye, 1967). Thus, Leff posited that the widespread condemnation of corruption constituted a major obstacle to examine the concept (1964). Anthropologists have also been at unease with western-centred moralization
of corruption, and this is immediately reflected by their reluctance to study the concept. Thirdly, corruption should not be seen as an immoral behaviour developed within the poor countries as straightforward result of bad governance. On the contrary, some critical scholars (as seen below) point out that corruption may be fostered and generated by global governance, foreign aid, development projects and by global capitalism. Taking the point of view of the studied groups, anthropologists have tended to investigate it as a social phenomenon without moral evaluation. This may lead to avoid condemning any crime since it is socially accepted by the local population.

Why anthropologists are reluctant to study corruption

While the other social sciences were already struggling with worldwide denounces of corruption before it came to be equated to an incurable disease (OECD, 2005), the anthropology field stayed comparatively silent. Apart from the famous work of James Scott (1972) (an anthropologist and political scientist) the word “corruption” was almost absent from the anthropological literature. Moreover, it is only after 1995 that corruption becomes present at a highly irregular base in journal articles. The World Bank has funded a large research project to highlight the most important contributions to the field. The result of this large literature review is a “clear” silence of anthropologists regarding corruption. The World Bank review notices that anthropological studies dealing with corruption cover about 2% of the relevant scientific literature (2006).

The reasons for anthropologists’ reluctance to engage with corruption research could be divided between methodological, ethical and epistemic concerns. From the methodological point of view, anthropology has discovered the most visible manifestations of corruption but decided to remain rather silent on their wider effects (Zinn 2001). Anthropology’s earlier accounts of gift-exchange processes, reciprocity, redistribution, informal economic transactions, moral economy, clientelism, nepotism, cronyism and fraudulent social networks are some of the topics in which the discipline was the pioneer rather than the latecomer. For example, the anthropological debate stemming out of the
famous essay by Marcel Mauss on the gift built the foundation of social theories of reciprocity and gift exchange. Since then, anthropology has been engaging actively with the study of all these social phenomena, because they are part of the social realities the ethnographer faces while doing fieldwork. Due to the complex ethnographer / observed relationship, Zinn has argued that anthropology has chosen, after raising the dust on these topics, to leave the study of their consequences to other disciplines (2001). The lack of research about corruption could be explained by a feeling of responsibility on the misuse of some of the ethnographic findings, which have contributed to increase the ideological gap between a “modern”, “rational” and “transparent” West and a “traditional”, “irrational” and “corrupt” rest. As anthropology was the first social science to introduce the concept of ethnocentrism (Sumner, 1906), the judgment of other cultures solely by the values and standards of the researcher own culture is not acceptable for anthropologists. The risk of ethnocentrism is not the only reason for the reluctance to study further corruption that could be explained by methodological and ethical concerns of anthropologists. Starting in the 1970’s, the discipline had intense reflexive debates concerning these issues. When undertaking field research, anthropologists usually discover corruption practices “accidentally”. Considering this argument, Blundo divides the instances in which ethnographers analyzes corruption in four cases: personal anecdote (most of the time an accidental discovery), biographical trajectory, bureaucratic itinerary and polyphonic case study (2007: 43). The only representative of a systematic study of corruption is the last, but it is the least present in ethnographic studies. This happens because the study of the concrete practices of corruption is not an easy achievement for the fieldworker who is exposed to continuous interactions with local informants during participant observation.

This brings to the next ethical concerns. Two largest professional associations respectively in cultural (American Anthropological Association) and in social anthropology (European Association of Social Anthropologists) have clarified the deontology conditions under which fieldwork research needs to be undertaken.53 One of the most important points of these codes

concerns avoidance of exposing persons who inform the researcher to any form of personal
damage, loss or accusation because of the use of fieldwork data. The anthropologists are then
under a paradoxical injunction regarding fieldwork leading to discover corrupted practices. On
the one hand, a force of anthropology is to carry out in depth qualitative analysis to discover in
details this illicit phenomenon. On the other hand, the ethnographer cannot put into danger the
people under observation. Since the ethnographer will question precisely the various
behaviours, interactions, thoughts, symbols associated to corruption, he/she will be
investigating with thoroughness and could possibly have enough information to put into risky
position his/her respondents.

The last explanation of the anthropology reluctance is of epistemic nature. A major discussion
regarding the nature of knowledge is for anthropologists to question the definition of the
concept under investigation: corruption. One of the most common working definitions of
corruption is “a manipulation of powers of government or sale of government property, or
both by government officials for personal use” (Shleifer, Vishny, 1993; Jain, 1998). A similar
qualification has been given by Morris “a behaviour by a public official that deviates from
public interest” (1991) and is wieldy accepted by international institutions such as the World
Bank “the abuse of public office for private gain” (World Bank, 1997 : 8). Corruption is then
defined very often as the misuse of public power for private benefits (Lambsdorff, 2007). For
anthropology, this well accepted definition is very problematic since it is based partly on a
strong private-public dichotomy. Anthropological studies have raised abundant evidence to the
point that the opposition public-private is context dependent. In the eyes of anthropologists,
the public sphere is not easily defined, especially in opposition to the private one. When the
ideal-type of Weber of the “public” organisation is a rational efficient bureaucracy
(1922/1978), anthropologists use an ad-hoc view taking the perspective of the local people.
This perspective derives from anthropological investigations on bottom-up approaches, using
an inductive analytical line which constructs (or de-constructs) institutions, norms and
conventions. In the anthropologic epistemology, the truth of a social reality could be
discovered only when the observer (the scientist) gives voice to the observed, used his/her
words, his/ her symbols, practices and discourses. For example, anthropologists and
economists defined institutions as the rule of the game e.g. ”the prevailing explicit and implicit
behavioral norms that create appropriate incentives for desirable economic behaviors” (Rodrik, Subramanian, 2003). Nonetheless, as noted by North, institutions are the humanly-devised constraints that structure political, economic, and social interactions (1990, 1991). Thus, through the everyday reality of their functioning, institutions are made up by people, through their agencies, discourses, ideas. Hence, anthropology cannot agree with a definition stating a neat distinction between private and public roles, tasks and aims. Rather than accepting the public/private dichotomy, anthropologists stress the different ways in which variant actors conceive it.

Private and public as local concepts of governance

The debate over public/private separation highlights the original view of anthropology about corruption and related topics, specifically to the analysis of governance. Focusing on the impact of corruption on economic development and governance, two main theoretical orientations have attempted to assess governance and State capacities. The first, influenced by some economists, argues that the positive State capacities are those that maintain the market efficiency, restricting State intervention to the provision of public goods. For example, Acemoglu and Verdier noticed a vicious effect in that corruption would become unavoidable as a way for the market to bypass state regulations, and even when the State intervenes to redress market failures corruption is likely to occur (2000). In general, an excessive centralization of governance inhibits development because it fosters irregular practices such as clientelism, informality and lack of transparency. This argument has been used, for instance, to explain the widespread presence of corruption in authoritarian regimes, as well as in monopolistic States, in which governmental capacities have been described as kleptocratic, rent-seeking or predatory. Corruption is conceived as an outcome of widespread interpenetration of the economic and political sphere, which reduces competition and increase privileges, the creation of powerful elites and cliques (Sun 2004; Johnston, 2005; Varese, 2005).

The second approach, that follows some of the standpoints of institutional economy, agrees that good governance is a prerequisite for economic development, but shows that the governance capacities required for successful development are substantially different from those identified by the good governance analysis (Khan, 2006). Excessive decentralization is
also bred for corruption. In the some cases, the weakness and fragmentation of the postcolonial States leaves porous interstices to the multiplication of power battlefields and actors in which corruption easily spreads. For example, Lui developed a model showing that corruption could lessen the time spent in queues and bribes could be an incentive for civil servants to accelerate the administrative process in low performing administration (1985).

Authors have named these countries: “neo-patrimonial” state, or “belly State” (Blundo et al 2006). Anthropology has provided sophisticated ethnographies of the State in relation to a number of political and social phenomena and cultural practices (Sharma, Gupta 2006). Following the influence of Foucauldian interests for issues of power, knowledge, discourses and governmentality, ethnographic accounts of the role of the state in relation to corruption have taken different standpoints (Shore, Wright, 1997, Holmes, 2000; Bellier, Wilson, 2000). These can be summarised in three perspectives: normative, hermeneutical and transactional.

The normative approach analyzes the legislative and normative functions in which corruption becomes implanted in different societal contexts. In this perspective, corruption is seen as a violation of a social norm. When sociologists have stressed the functions of norm to explain the human behaviors (Durkheim 1950; Parsons 1937), anthropologists have highlighted the diversity of social norms function in and within cultures (Geertz, 1973). In this line of argument regarding norm diversity, anthropology has built a strong critique of the western dichotomy State / Society and developed a dual perspective of the role of the State. The State is portrayed either as a weak enforcing actor of anti-corruption norms and laws or, as a legislative agent of ad-hoc norms to increase unaccountability.

In one of the most recent contributions to this approach, Nuijten and Anders have described “the secret of law”, stressing the idea that the common western-centric notion of corruption, grounded on the dichotomy between public and private interests, is of little help to anthropological investigations (2007). They depart from the legal anthropological perspective that looks at law as plural, and profoundly influenced by social processes (Moore, 2000). Corruption and law are not opposites, but constitutive one another, just as legal prescription and their transgressions are not mutually exclusive. Because the possibility of transgression is always present in law, corruption is to these authors the very “secret of law”, which defines
fields of law’s application and intervention, but meanwhile allows for its transgression in society. An approach that looks at law as the only cure against corruption, individuating in the State is misleading because law is plural. Therefore it is only through empirical sensibility for its pluralism that corruption can be successfully detected through its nuances as an alternative form of legal order (Znoj, MacNaughton, Wong, 2007).

Pardo makes a similar point but from a different angle (2004). For him, the political and legal conceptualization of corruption and of its effects within the State boundaries are marked by inherent ambiguities. Pardo, who conducted fieldwork in southern Italy, recognises that anthropology is confronted with the difficult balance of historical and ethnographic variations and universal aspects. He understands that one of the main limits of the anthropology of corruption has been its cultural particularism, and proposes two roads to overcome this impasse. The first is to look at morality (See below for a development on the morality of corruption) as a conflicting battlefield in which socially constructed ideas of legality and illegality collide with universal claims of legitimacy. The second is to investigate the role of the State which can be both above the corrupt game, and part of it, participating “through institutional blindness to allow the interests of the elites” (2004: 6). The State may even legitimise the ambitions of those corrupt politicians, who, claiming to re-attribute morality to political action, eventually make use of law making to render more opaque the borders of legality and illegality. In this perspective, the State is an active participant in the process of setting the agenda for corruption and not a passive agent fighting against its effects. Law creates the sphere of legitimacy through which corruption is accepted or rejected, conceived of and exploited by those in power. Various authors have stressed this point in various settings such Hsu and Smart (2007) for the Chinese case, Corbin (2007) for Spain, Dalakoglou (2010) for Albania, Goldstein (2003) for Bolivia, Levine (2004) for Korea, Hoagh (2010) for South Africa, Blundo (2006) for Senegal, Scott (2010) for Taiwan. This anthropologist’s view is in line with the work of some economists who show that law and rules could be implemented to give opportunity for corruption. Thus for Kurer, the possibility of getting bribes may be an incentive to create restrictions to economic development (1993). Some scholars argued that the restrictions are not exogenous to the system but instead “part of the built-in corrupt practices of a patron-client political system” (Bardhan, 1997). A civil servant may create distortions to have an opportunity to extort bribe (Myrdal, 1968). The whole bureaucratic
system could be organized in order to force the population to use corruption. For example, de Soto showed that it took teams of researchers an average 300 days and 6 hours to obtain all permits to start a small business in Peru (1990). In such a situation for the entrepreneurs, illegal activity and corruption become the norm.

The hermeneutical perspective points at the sphere of governmentality rather than governance, individuating ground-level efforts to interpret political power. Drawing from a rich theoretical background that originates from the works of Michel Foucault, Clifford Geertz, Victor Turner and recently John-Jean Comaroff and Michael Herzfeld, this perspective aims to detect the discursive function of corruption. Foucault combined two words ‘governing’ and mentality to create the neologism ‘governmentality’ to point out the interdependence between the exercise of government and mentalities shaping these exercise. Governmentality is a ‘guideline’ for analysing the link between the forms of government and modes of thoughts (about governing) (Foucault, 1991). To take the word of Foucault, governmentality is “an art of governing that finds the principles of its rationality and the specific domain of its applications in the State” (Foucault, 2007 : 364).

Corruption is one of the ways in which people make sense of politics and of the State, like a conversation, a ritual or for some even like witchcraft. The focus of analysis should not be whether the State has been able to set the boundaries between legality and illegality, morality and immorality, or whether the State makes use of corruption to obtain legitimacy. Anthropologists recommend focussing on the discursive practices of corruption to understand its role in governance.

This hermeneutic approach is present in Gupta’s ethnography of the Indian case, one of the most refined and earliest contributions in the anthropology of corruption (1995, 2005). Gupta describes how local citizens in India use corruption as a form of discourse in order to access particular benefits that are scarcely allocated. For him, the political strategy consists of seeking information on ways to bribe properly, on the amounts of money to be paid and on

54 The comparison of corruption with witchcraft has been raised by a number of anthropologists (Bähre, 2005; Bubandt, 2006; Blundo, 2007; Turner, 2007; Rudnyckyj, 2009). There are two ideas underlining this use: the first is that corruption, like witchcraft, can be used as a way to re-establish a moral and symbolic order, particularly in conditions of profound institutional transformation, such as in post- or neo-colonial economies. The second refers to the secrecy of corruption practices which, like sorcery, help those who resort to them to seek access to power and hence to demystify the secrets through which state power functions.
under which interactional conditions bribes are needed to access services provided by State officers of local governments. This brings about the need to differentiate between two discursive uses of corruption in relation with governmentality. The first concerns the process of information seeking about whom, how and when to bribe properly. The second corresponds to public talk, i.e. the way through which ordinary citizens address corruption in their everyday and how their denouncements influence social ties of trust and solidarity (this concern will be discussed in the later part of the article).

Gupta shows that the State is connected to ordinary citizens through face-to-face relations with local officers who are able to make use of clientelistic and personal networks to perpetuate their power. This makes up a type of contradiction in the general western view of opposing State and society: corruption is the space in which the State intertwines with social practices, relations and even moralities. In this approach, the State may appear as much more disaggregated and decentralised than in the normative perspective. However, strategic reference to corruption in public discourses brings the State back into play, as Bailey (1969) and Boissevain (1974) indicated. The role of brokers and informed actors becomes crucial to understand how the management of information can be translated into power and influence (Scott, 1972). Some empirical research have stressed this point (Wade, 1982; Kondos, 1987; Price, 1999; Ruud, 2000, 2001; Swenta, 2009). For example, in an empirical study based on questionnaire survey conducted in Nepal, Sewanta has demonstrated how corruption is used by local citizens at discursive level to differentiate among the performance and capacities of a number of institutions from the police, to health services, the school and the post (2009). As Gupta, he suggests that this discursive use does not necessarily lead local citizens to avoid engagement with State officials, but it actually works as a frame of reference to establish effective practices.

The third perspective is transactional. Governance is not analyzed in relation to normative or hermeneutic aspects, but as an interaction between different levels of political decision-making. This approach has received comparatively smaller attention from the political science, where the administrative, normative function of the State is at the heart of the debate. Even in the collective action theory (Olson, 1971), where every actor is perceived as maximising his
own interests and these interests can cumulate to foster or hamper corruption, transactional analyses of the tasks, roles and functions of the different levels of governance are a relatively new field. In this perspective corruption can be used to describe, by local actors the functioning of the bureaucratic apparatus. One should not fall into the teleological trap of considering corruption as an accepted practice by local people who cannot avoid it since everyone is expected to be corrupt likewise (Banfield, 1975). Ethnographies, particularly of African and southeast Asian contexts, have richly described situations in which local actors are well aware of the damages and moral costs of corruption (Akindele, 2005; Blundo, 2006; Mazzarella, 2006; Inokoba and Ibegu, 2011). In these societal contexts, the main problem arises from the consideration that poorly functioning bureaucracies, inefficient legal mechanisms and low wages of public servants all serve as breeders of corruption. However, stating that corruption becomes accepted as a practice in countries with weak institutional arrangements is a large simplification. Anthropological research, if less present in other fields, have abundantly demonstrated that it is when corruption becomes banalised, as de Sardan argues, that a distorted view of the functioning of the public sector comes in place (1999). This may have the effect of blurring the separation between private and public spheres, affecting the general idea of good governance, increasing local citizens’ frustration about the perceived distance from the administrative centers and instilling in individuals a shared (false) awareness that face-to-face exchanges are the norm, and even morally acceptable (de Sardan, 1999; Albro, 2007; Jones, 2010). Without going into complex analyses of state capacities, recent research findings by Rothstein and Torsello (2014) has suggested that also in pre-state societies bribery patterns were more diffused in cultures where the perception of public good was less cognitively distinguishable from the private goods. This suggests that the public-private divide is an important field of analysis for understanding local perceptions of corruption and eventually one of the field to which corruption applies more often as a corollary of bad governance, even though this divide itself is not one of the causes of corruption.

A number of ethnographic studies have showed that corruption exemplifies a failure of the State to encompass local government, or an incomplete bureaucratization process (Prato 2004; Zerilli 2005; De Vries 2007). Competition between local governments and the State becomes
one potential subject of analysis in reference to different socio-cultural contexts, for instance in China (Smart and Hsu 2007), Indonesia (Bähre 2005; Bubandt 2006), Latin America (Lomnitz 1995; Goldstein 2003). For example, in his study about the effects of European Union (EU) structural transport projects in Central Eastern Europe, Torsello has been confronted with the issue whether corruption has been fostered by the attempt of the State to enforce its decision-making processes at local levels, or the opposite, by the attempt of localities to seek autonomy from State intervention (2012). He has found that one fruitful way to analyze the spreading of corruption in relation with EU enlargement politics (Shore, 2005; Dracklé, 2005) is through attention to competition between State and local governments over EU funds. After experiencing a profound process of institutional transformation, Eastern Europe, has entered a similar problematic phase of alignment with EU accession requirements, and afterwards structural development policies. The collusion of State and local government interests, and hence the transactional functions that corruption comes to acquire are ways to express the tension between fear of delocalization of central power and dissatisfaction with strong State authority. This fear is often informed more by the visible growing social inequality at local level than by a shared knowledge of a corrupt State, already present under the socialist regime. Using various cases, Torsello has shown that the State is not the central focus of public denounces of corruption, but local governments, which have in the years preceding EU accession implemented wide decentralization administrative reforms, are believed to use corruption to remould the State (2010).

The social exchange theory

The theory of social exchange has a long history in the anthropological field. The first three scientists to develop a theoretical model for exchange are Marcel Mauss, Claude Lévi-Strauss and Bronislaw Malinowski. Mauss, in his famous essay on the gift (1925) searched for the foundations of social exchange in pre-industrial societies which were, according to him, dominated by the pervasiveness of the gift, an act of “total social prestation” that contributed to bind people and create interpersonal dependence. The true “spirit” of the gift, rendered through the Maori word hau, was to him the essence of this dependence, the one in which
exchange meant an unwritten rule that could not be broken. Lévi-Strauss, influenced by
Mauss’ essay (as well as by the Durkheimian positions), looked for specific forms of social
exchange in different world societies, and found them in the so-called cross-cousin marriage
pattern (1969). Marriage was, to the eyes of the French anthropologist, the most basic way
through which small-scale societies created social ties, and these ties could be of two forms:
restricted and generalized exchange. The former referred to specific patterns of marriage, such
as the cross-cousin marriage, in which a group contributed a daughter and expected, at a
particular time point, to receive a woman in exchange by the same group. Other cultures
practiced a more generalized form of exchange, in which the pattern and direction of the
marriage could be flexible (Lévi-Strauss 1953). The third approach, the one developed by
Malinowski in his seminal study of Trobriand culture (1922), contrasted different forms of
social exchange: those which created interdependence but based on differences of social status
and political power, and those which were based on a “purer” concept of gift-giving actions,
that did not mark inequalities among the exchange parties (Malinowski 1944). The novelty of
Malinowski’s approach was that gift-exchange was not necessarily a matter of transferring a
part of the spirit of the giver, but it actually moved back and forth from a condition of amity to
one of potential hostility, depending on the political and economic conditions of the exchange.

These three seminal works have generated a long debate in anthropology, which has, in broad
lines, focused on three aspects: the contexts and conditions of exchange; the social
embeddedness of economic exchange practices; and the reciprocity patterns. Concerning the
first aspect, a good delineation is provided by Harumi Befu (1977). The Japanese
anthropologist introduces a division among four aspects: socio-cultural context, the norm of
reciprocity, cultural rules and strategy. Socio-cultural context refers to the environment within
which a model of social exchange is constructed. One example can be Indian society, often
analyzed in terms of systems in which higher and lower castes exchange goods and services
(Befu 1977: 259). The second, the norm of reciprocity, is a universally recognized norm that,
according to Gouldner (1960) refers to two assumptions: 1. people should help those who have
helped them, and 2. people should not injure those who have helped them (Ibidem). Thirdly,
rules of exchange refer to specific cultural rules that explain what should be given in exchange
for a gift or a prestation, how this exchange should take place in terms of time, place and

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aesthetics. Befu provides here the well-known example of Japanese society, in which formalized rules of exchange determine all these three element in ways which are obscure to the foreign observer and giver (Hendry 1995). Finally, the strategy of exchange specifies the indeterminate part of the process, providing space for the single choice the exchange parties are making out of a range of possibilities that are culturally defined.

The extremely rich debate that in the field stemmed out of Mauss’ and Malinowksi’s works focused mainly one aspect of gift-giving practices, i.e. the social embeddedness of gift exchange practices. The controversial point was the idea that the pure gift might exist in socio-cultural contexts as an expression of an interest-free transaction, based on the very essence of the gift, and the opposition of this with the case of industrial societies where exchange instead of gift should have been the dominant pattern. This point has been criticized in different ways by anthropologists (see Parry 1986, Weiner 1992, Godbout and Caillé 2002) on two groundings. The first is that in order to understand the pure essence of the gift it may be useful to introduce a distinction between alienable and inalienable gifts, or patterns of exchange. Alienable gifts are by some scholars defined as forms of exchange, in which social embeddedness of the practice is at its minimum (like in industrial societies), whereas inalienable form of exchange are those in which the purity of gift, its social bounding mechanisms, are exalted (Leacock 1954). On the other hand, inalienable gift exchanges are those that, according to Mauss, prevailed in pre-industrial societies, where every exchange had a complex form of social embeddedness. Drawing on Marxist anthropological influences, this debate has produced a rather sterile outcome towards the end of the 1980s, since it has been absorbed by the at the time two dominant positions in economic anthropology, known as the formalist vs. the substantivist school (Halperin 1982). Towards the end of the debate, as Derrida concluded (1991), the pure gift would never exist in Maussian terms, since the very recognition of its essence as a gift (both by the giver and the taker) deprives it of its pure spirit.

The third field, of more interest to the scope of this analysis of corruption, concerns the postulation of the notion of reciprocity. Again with a very rich disciplinary tradition, reciprocity has been first systematically theorized by the American anthropologist Marshall Sahlins (1972). Sahlins has introduced the distinction between three forms of reciprocity that
characterize social exchange: generalized, balanced and negative. The first two are also known as positive reciprocity and refer to patterns of exchange that are more concerned with the social form, context and the time of the restitution process than with the extent (amount or value) of the exchanged good. Generalized reciprocity depends on a more generalized, altruistic form of exchange, such as that of affection, care and nurture from parents to children. On the other hand, balanced reciprocity is determined by more precise and timely patterns of social exchange in which the form and partly the content of the exchange are, to a degree of possibility, balanced. These are socio-culturally defined forms and, according to Sahlins, can prevail in different ways (or in coexistence) according to the strategies of the exchange pattern. Negative reciprocity, instead, entails a mechanism of exchange such as extortion, or barter, in which something is get out of impunity, or without a general mechanism of social interaction (Ingold 1986).

This constitutes only an extremely general and simplified characterization of the origins and development of exchange theory in anthropology, as several new trends, in particular concerning the symbolism, reflexivity and power aspects of exchange mechanism came on the agenda of the researchers in more recent times. However, for the sake of the study of corruption as a form of social exchange I believe it is important to refer to this initial theoretical framework.

Due to the aforementioned methodological and ethical constraints, anthropology has not dealt expressively with a single typology of corruption, such one differentiating between administrative, electoral, corporate corruption as other disciplines do (Jain, 1998). Anthropology has dealt with the difference in types of corruption following two directions. In the first, scholars have departed from the distinction between petty and grand corruption which allows anthropology to introduce themes and problems with which it has dealt extensively through the history of the discipline. On the one hand, petty corruption is commonly the field that ethnographers can more effectively study when they are interested in hidden morality of mutual ties of reciprocity, gift exchange and interpersonal trust. On the other hand, grand corruption has mainly remained out of ethnographic investigations for methodological reasons (the difficulty to investigate ethnographically corporate and large political scandals).
In the anthropological literature dealing with petty corruption, authors have shown a strong tendency to equate this type of corruption with other social practices about which anthropology has an established theoretical tradition, among which social exchange is dominant. Methodologically, the ethnographer may be often exposed to observation of gift and informality in economic transactions, semi-legal or illegal practices, clientelism and bribery. Nevertheless, he/she is in the troublesome position to judge whose good are serving those practices. The tendency of ethnographer is to objectivize the meaning of those practices framing them into the sociocultural context of belonging, which lead to the above mentioned distaste of anthropologists for clear-cut categories. One example is Yang’s famous work on guanxi (personal connections) in China (1994). Guanxi has become a famous paradigm of petty corruption studied not only by anthropology but also by management research (Xin, Pearce, 1996; Lovett, Simmons, Kali, 1999). They are practices substantiated through the widespread use of gift-exchanges in interpersonal relations where favours are granted. Yang reflects on the inappropriate use that some scholars have made of her interpretation of such practices which she saw emerging in the times of the Cultural Revolution as a reaction to conditions of excessive state inherence in the public life (2002). She is preoccupied to treat guanxi not as a given set of cultural practices, but as historically specific product acquiring different meanings and deployments along ethnic, class, gender and even regional dimensions. Yang reacts to the uncritical use of guanxi and its recent development guanxixue (the economy of personal connections), to describe corruption in China as functional to the socialist and the newly emerged capitalist economies. Her argument is that after the interpenetration of public with private sphere brought about by capitalist development in the country, guanxi has lost its role of being beneficial to many, a sort of “public good”, to serve only the interests of few. The consolidation of business networks and their influence in politics is what accounts for the loss of the initial semantic and social use of guanxi, hence petty corruption expands to become a larger process, but to the benefits of the elites.

Ledeneva provides an illuminating account of the cultural differences of informal practices of exchange that influence corruption practices in Russia and China, the guanxi and blat (Ledeneva 2008). After defining “informal practices” as people’s regular strategies to manipulate or exploit formal rules by enforcing informal norms and personal obligations in
formal contexts (Ledeneva 2008: 119), she moves to investigate the differences and similarities in the socio-cultural contexts in which these two notions are generated. In the Russian form, blat is viewed as the other side of a strong center that controls people’s actions and agency. Blat constituted, within socialism, the mechanism that made the totalitarian regime tolerable, in that it provided the informal sphere for action from below, but in the long-run it undermined this regime. Also guanxi, a culturally recognized form of social exchange, can be perceived as a strong pattern of sociability that defines ways how different sets of actors can interact within a rigid scheme of state control. As stated by Young: The morality of reciprocity, obligation and indebtedness become in a sense the ammunition of the weak” (Yang 1994: 206). On the other hand, some of the differences among the two practices would be traceable by stressing that guanxi practices are morally informed, in that they would find origin in the traditional Confucian search for social harmony, whereas blat has its origin as a mechanism for challenging (also criminally) state power. Of course the difference is not only this, because it is the social positioning of individuals in the blat and the guanxi mechanisms which matters: in the first case, individuals are in a relationship of virtual friendship, which reminds the one of patron-client described above. In the case of guanxi, connections are justified by the Confucian virtue of connectedness, according to which individuals are not single atomized beings, but social beings inserted in nested relations (from the family all the way up to the state), without which a person (contrarily to the western philosophical tradition) is not characterizable, or, as the Japanese say, he does not have a “social face” (hitomae).

The problem with social exchange theory is that it may tend to overemphasize petty corruption practices and be less explanatory for larger phenomena, such as those in which private and public sectors are interested. Some anthropologists (Pardo 2004, Shore 2004, Parry 2004) have warned that the social exchange theory applied to corruption may become misused to stigmatise socio-cultural practices which become attributed at aggregate level, as characteristic of one single nation, or even of cultures. Various stereotypes could be seen in the literature such “neo-patrimonial states”, the “belly state”, “network cultures”, “gift-exchange cultures”. Anthropologists are keen to highlight the heterogeneity within a culture or a State, rather than to build a typology with stereotypes that over simplifies the social reality.
In responses to this too simplistic view resulting from a focus on a typology of corruption, other scholars have stressed the processual nature of exchange mechanisms. One example is the work by Shore where he analyzes corruption in the setting of the EU civil service (2005). He challenges the Weberian legal-rational model of efficient bureaucracy addressing issues of fraud, nepotism and corruption in the European Commission following the 1999 scandals. The argument is that both institutional and cultural norms matter for identifying causes of endemic corruption at EU level, but a significant trust (due to shared administrative norms and codes of conduct) and mechanisms of accountability are missing. Corruption is here an outcome of the process of EU integration, bringing about the need to fuse together different traditions of civil service under the constraints of multilateralism. However, instead of achieving a process of Europeanization, EU practices have become standardized over privileged, cronyistic types of networks which perpetuate their systemic ordering of elite systems of governance.

Another field where corruption is treated as a processual mechanism of exchange is development. Several ethnographic works have suggested that developmental aid increases both the opportunity for corruption and the public perception of widespread corruption. Discussions within the population about corruption become occasions to argue about the failure of development policies, market liberalization, decentralization and privatization (Harrison, 2010). For example in Haiti, anthropologists have noticed that in order for development policies to be successful, officials have accepted widespread corruption (Vannier, 2010). Bribes are acceptable as long as aid funds could be used more or less efficiently (Vannier, 2010). A similar point is made by Hoag who underlines the generalised avoidance to talk about corruption in South African NGOs as part of both their efforts to maintain moral accountability in community participation, and as an emotional call for social harmony (2010).

Nonetheless, anti-corruption rhetoric may be used perversely. Ethnographies in Africa and the Indian subcontinent portray how the high degree of generalization about widespread corruption and the need for reform and policy intervention can actually mask a real need of more funding and donations to support State and local level intervention (Tanzi 1998). It is not accidental that the very political agenda of leaders, emerging elites and parties in these regions makes of the fight against corruption one stronghold, even though some of these elites are
strongly corrupt. In line with other social scientists, De Sardan argues that developmental practices in postcolonial Africa have favoured the spread of corruption and of an assistentialist culture (1999). The same trend is registered in Eastern Europe and the Balkan regions (Cellarius 2002), where an umbrella of anti-corruption organizations and movements has mushroomed in the await of foreign aid and funding. In some Latin American countries corruption is not perceived as weak States unable to maintain their grip on local administrative centres and semi-official figures of intermediaries between public and private authorities, as in the African cases, but it is an integral part of the evergreen rhetoric of “modernization” and “democratization” by political leaders and their elites (Gledhill, 2004). In the case of development, the processual nature of corruption may be explained both as a function of the relationship of dependence of these States on western powers and international organizations, or as the need of local governments to follow the global trends of funding aids and adapt to powerful anti-corruption ideologies and rhetoric.

The processual approach is a promising way in which anthropologists are currently looking at corruption as a mechanism of social (and economic) exchange. In order to get out of the traditional impasse that the discipline encountered when theorizing about the dichotomy gift-exchange, formal and substance and so forth, one way has been to look at the formal vs. informal dichotomy, as the discussion on blat and guanxi has demonstrated. Framed in this perspective, and even accounting for changes in these practices, corruption still appears as a phenomenon that is deprived of its complexity, by being related to the sphere of social interaction. Exchange patterns have, as Befu underlined, their context, rules and strategies which have both universal and relativistic features. This explains the need to provide a more dynamic and spatial-temporal informed view of corruption, which is the main objective of the processual mechanism approach. This does not mean that anthropologists have recently abandoned the social exchange theory, as this can still explain a significant part of political corruption mechanisms throughout the world. What is changed is the nature of this phenomenon, increasingly dependent on global governance issues, corporate integrity and other forms of political and white collar crimes such as tax evasion, money laundering, smuggling and trafficking. A call for the processual aspect of mechanisms of social exchange is badly needed as the old paradigms that informed the explanations of clientelism, patronage and similar practices have become too static to describe the present reality.
Conclusion
The contribution of anthropology to the study of corruption is relatively exiguous in number but rich in offering new avenues for research to other social sciences. The reasons for the problematic nexus between anthropological theory and corruption could be explained by the conjunction of diverse methodological, ethical and epistemological constrains. For example, anthropologists have avoided to investigate corruption since this study could harm their informants. The quality of the observation depends partly of the trust relationship build over time with the natives, which obviously means to avoid putting them into danger. This is specially required by most codes of conducts used by the anthropologists. Despite strong constrains, the field of anthropology has given new perspectives to the field of corruption, especially regarding: governance, the morality of corruption and public discourse.

Firstly, government capacity has been studied in conjunction to corruption through normative, hermeneutical and transactional perspectives. In a normative analysis, anthropologists shown the diversity of norms and then criticize a simplistic definition of State using the public / private dichotomy. Not only the State is plural, but also the laws are as diverse as their reality and perception. Rather to see the State and laws are instruments of the fight of corruption, anthropologists analyze them as opportunity for corruption. In the hermeneutic perspective, corruption is one way in which individuals give sense to politics and the State. The last perspective focuses on the transactions between different social bodies. Offering a dynamic view of corruption, this approach shows the negotiation between social actors, especially at the State / local government level. When the State withdraws for some public activities, some social actors could take advantage of the absence of the local governments and use corruption and discourse about it to push their personal interests.

The real strength of the ethnographic method and approach is that it can investigates a number of socio-cultural practices which, particularly in the case of petty corruption, are of difficult understanding. Through the ethnographer’s observation, the discipline has been able to detect a number of practices that fall into categories as similar as those of gift, exchange, favor, prestation and debt. From this perspective, the “morality” of corruption at local level resides in its being accepted, according to some particular conditions of political institutional and market development, as a common social form of exchange. This is not to argue that less wealthy or
political unstable countries are more corrupt because they prefer “informal” or “gift-like” exchange relations that are embedded in society. The nature of reciprocity and exchange makes it a universal phenomenon, as the sterile debate between the followers of the idea of the pure vs. the alienable gift has demonstrated. What social exchange theory can bring to the understanding of corruption is a more nuanced approach that looks at the following aspects with a novel perspective. First, corruption is inserted in a mechanism of exchange in which power to influence the bribee is emphasized, what is social of this is that, unlike for instance barter, the socio-cultural conditions of the exchange determine the assessment of the value of the bribe and hence the significance of corruption. Secondly, in countries where mechanisms of reciprocity are very attentively constructed because, for instance, social inequality is high, corruption as exchange may be perceived as a way to reduce social inequality that is communicable and can be dealt with by the general public. Thirdly, as Befu maintained, in every reciprocal exchange mechanism there is a universally recognized norm that concerns the degree of help entailed in the practice. In countries where corruption is generalized this universal norm may become overestimated, particularly if other mechanisms of help are missing or being weak. Finally, as the processual approach to social exchange has proved, mechanisms of interaction through the medium of corrupt deeds are today become increasingly more sophisticated, multi-sited and of difficult analytical grasping. This may lead to a reconsideration of paradigms such as that of the principal-agent, replacing them with other theoretical frameworks in which chains of gifts (Appadurai 1988) or trust-based reciprocity networks are built and reconfigured to meet the demand for a more dynamic corruption that cross-cuts the increasingly negligible difference between private and public sectors.
References


Centripetal versus centrifugal corruption
A framework for the analysis of corrupt exchange and hidden governance structures

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In the last decades a growing popular awareness emerged of the relevance of corruption as an hidden factor which may negatively influence political and economic decision-making processes in both liberal-democratic and authoritarian regimes. A corresponding interest came out also within the social sciences but, as it often happens, in spite of a large scientific debate there is still no consensus on any commonly accepted definition of what corruption is. It is quite obvious that such an old-fashioned concept may carry several meanings. Among them, in classical political theory the term corruption is used to indicate a degenerative process operating at a macro-social level, through the perversion of certain constitutive features of an institutional system. In this macro perspective – which obviously requires a preliminary normative judgement, i.e. a value-based distinction between “better” and “worse” institutions – the theoretical focus is on the general premises and consequences of the state of degradation of political systems as a whole and social values underlying them.

A different approach – which is dominant in the social sciences, and we will adopt here – takes corruption as a specific social practice, having distinctive features which can be defined at micro-level, minimizing value-laden implications and requirements. Corruption is a type of behaviour, a specific social practice which can emerge within a particular relational context. Any explanation of its facilitating conditions and effects, however, may requires an analysis of variables at a macro-level, but there is a clear distinction between individual actions and their social premises or consequences (Gambetta 2002). More or less stable configuration of informal rules and enforcing mechanisms, as we will see, can in fact regulate the patterns of centripetal or centrifugal corruption.

In doing this, we will build upon our own past work on corruption (della Porta and Vannucci 1999, 2007, 2012), with a purpose of updating it in order to take into account the ways in which changes in market as well as in the political system affect the forms and practice of corruption, as well as potential way to reduce it.

55 See for instance Aristotle, who considered corruption as forms of deviation from the three constitutions – monarchy, aristocracy and democracy; Machiavelli describing corruption as a degradation of citizens’ political virtues; Montesquieu who looked at corruption as the perversion of a good political order into an evil one. See among others Friedrich (1972) and Dobel (1978) for an analysis of this concept of “corruption” in classical political philosophers.
In particular, we shall reflect on the specific characteristics of corruption in the evolution—rampant years and crisis—of neoliberalism. Neoliberalism as second “great transformation” (Polanyi 1957) has brought about a move towards free market and away from social protection. Sponsored by international financial organization, such as IMF or WB, policies in various states have been oriented towards privatization, liberalization and deregulation. Notwithstanding the promises of a separation of market and the state, as well as on the benefits of increased competition, those policies have increased the power of big—*giant*, in Crouch (2011) terms—corporations, distorting the market and colluding with the states. The ideology of neoliberalism supported a message of depoliticization which is misleading on at least two accounts: first, it over the importance that state decision still have in the spread of neoliberal doctrine and practices; second, markets proved highly inefficient. Indeed, neoliberalism in the crisis brought about a crisis of legitimacy (Habermas 1976), which took the specific form of a crisis or responsibility (della Porta 2014). Rampant corruption has been denounced by social movements and social scientists alike (della Porta 2013; della Porta 2014).

Social science literature on political corruption, heavily influenced by rational choice paradigms and economic visions of politics, has not paid attention to the role of changed in capitalism and democracy on the spread and modelling of new patterns of corruption. What is more, it has often developed explanations of corruption that considered it as a natural by-product of intervention of the state on the market, in terms of both public services and regulation, invoking free market as a solution—privatization, liberalization and deregulation were indeed considered as (part of) the solution. In reality, our research on corrupt exchanges in times of neoliberalism points at those policies as rather part of the problem.

**Three approaches to corruption**

Several factors should be taken into consideration to explain and qualify nature and mechanisms of corruption. We may distinguish three paradigms in the literature on corruption, focusing on different (though not irreconcilable, as we will see) variables.
The economic paradigm and the principal-agent model of corruption

The economic approach emphasizes the crucial role of individual incentives reflecting contextual opportunities to engage in corrupt activities. Corruption is considered the outcome of rational individual choices, and its spread is influenced by the factors defining the structure of expected costs and rewards. As with other behaviours involving deviation from laws and/or informal norms, the individual decision to participate in corrupt exchanges depends also on the expected risk of being reported and punished (or “cheated” by the partner in the deal), the severity of the potential penal and administrative penalties, and the expected rewards as compared with available alternatives. As Rose-Ackerman puts it:

“In 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 self-interest in a world of scarce resources. Information may be imperfect; risks may abound; but individuals are assumed to do the best they can within the constraints imposed by a finite world” (Rose-Ackerman 1978, 5).

As an axiom is taken that: “corruption is a crime of calculation, not passion. True, there are both saints who resist all temptations and honest officials who resist most. But when bribes are large, the chances of being caught small, and the penalties if caught meagre, many officials will succumb” (Klitgaard 1998, 4).

In this “politics as a market” approach, corruption is generally defined within a principal-agent theoretical framework, identifying three necessary prerequisites of such conception of “abuse of entrusted power”, which is defined as a social practice emerging within a (at least) three-actors relationship:

1. Delegation of decision-making power from one (individual or collective) actor – i.e. the principal, the truster, etc. – to another actor – i.e. the agent, the fiduciary, etc. – in order to pursue and realize the first actor’s interests and values;

2. The trust-giving, the betrayal of trust possibility, the control of agent’s actions and capabilities problems, usually dealt with rules, supervision and enforcement
mechanisms, which consequently develop due to the “asymmetric information” condition of actors involved within such relationship;56

(3) the interest of a “client” – the potential corruptor – in the agent’s activity, which he may try to influence entering in an exchange relationship – the corrupt exchange – with him.57

Not any breach/betrayal of trust, nor any failure of the control and sanctioning mechanisms of agent’s actions by the principal, which are a potential consequence of the delegation of decision-making power, can be labelled as corruption. Not any form of agent’s misbehaviour or malfeasance is corruption, even if often contiguous to it, having similar causes or corrupting effects.

In formal terms, within the P-A framework corruption could therefore be defined as:

(i) the infringement of formal rules and/or informal constraints (corresponding to explicit and/or implicit norms and contractual clauses) within an exchange relationship stating the delegation of decision-making power from a principal/truster to an agent/fiduciary to pursue the interests of the first;

56 Trust here can be defined here as the expectation or belief by the principal that the other actor (e.g. the agent) in a transaction – where the first delegates decision-making power to the latter – will not cheat. Asymmetric information among the contracting parties exists on relevant profiles of the transaction: on agent’s future actions (moral hazard) – whose monitoring has a cost – and on agent’s motivations (adverse selection), which influence his future efforts and integrity. When trust overcomes a certain threshold, reducing transaction costs of monitoring and enforcing the deal, a cooperative relationship – i.e. the exchange – between the two can take place. The sources of trust can be diverse, as we will see, both transaction-specific and institutional. This is an application to the P-A framework of Gambetta’s definition: “trust (or, symmetrically, distrust) is a particular level of the subjective probability with which an agent assesses that another agent or group of agents will perform a particular action, both before he can monitor such action (or independently of his capacity ever to be able to monitor it) and in a context in which it affects his own action” (Gambetta 2000, 217). We limit here the analysis to the issue of public agents’ trustworthiness. We do not consider the reciprocal source of potential of distrust, assuming that the public agent who accepts the exchange trusts his principal, i.e. he believes – for instance – that the principal will not “cheat” him not paying his public servant’s salary.

57 The basic components of corruption within a P-A perspective can be found in Banfield’s definition (1975: 587) of corruption within governmental organization: “The frame of reference is one in which an agent serves (or fails to serve) the interest of a principal. The agent is a person who has accepted an obligation (as in an employment contract) to act on behalf of his principal in some range of matters and, in doing so, to serve the principal’s interest as if it were his own. The principal may be a person or an entity such an organization or the public. In acting on behalf of his principal the agent must exercise some discretion; the wider the range (measured in terms of effects on the principal’s interest) among which he may choose, the broader his discretion. The situation includes third parties (persons or abstract entities) who stand to gain or lose from the action of the agent. There are rules (both laws and generally accepted standards of right conduct) violation of which entails some probability of penalty (cost) being imposed upon the violator”.

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(ii) The violation of such rules – which are aimed at preserving the principal’s interest – realizes when the agent enters into another exchange with a corruptor, offering the discretionary power to take (or to abstain from) decision or to provide confidential information which assign or preserve property rights over resources the corruptor would otherwise not be entitled to;

(iii) In the corrupt exchange the agents receives from the corruptor as a reward money or other valuable resources (i.e. the bribe).  

Within this framework every market relationship or organizational relationship, involving individual or collective actors, public as well as private entities, can be influenced by corruption. Corruption in the public sector, as such, implies a fourth condition:

(iv) The principal/truster is the political sovereign, whose interest can be defined as public interest depending on the institutional setting of the corresponding polity.

The exercise of public decision-making power in a democratic government can correspondingly be analytically described as a complex chain of principal-agent relationships between electorate, elected officials and bureaucrats in their functional and hierarchical attribution of roles and functions. According to Cox and McCubbin (2001, 2-3), in fact, each polity – according to the divisions and needs of its society and rulers – select a set of institution to resolve its fundamental political problems:

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58 State activity, like market exchanges, modifies the existing structure of property rights over valuable resources. Public agents may use the coercive power of the state to create, regulate, allocate and maintain property rights to the advantage of corrupters. In the transaction between the corrupt agent and the corrupter, in fact, property rights created or allocated through the political process are exchanged. Three decision-making sectors may create such rights: a) the acquisition of goods and services paid by the private actors for more than their market value; b) the selling of the licensing of use of public goods for a lower price than their market value; c) the arbitrary use of enforcement activities, that attribute the competence to selectively impose costs or reduce the value of some private goods to public agents (Rose-Ackerman 1978: 61-3). Corruption therefore is “just a black market for the property rights over which politicians and bureaucrats have allocative power. Rather than assigning rights according to political power, rights are sold to the highest bidder” (Benson 1990: 159; Benson and Baden 1985).

59 A similar representation implies that along the chain all principals are “benevolent”, i.e. public-interest oriented: “apart from a limited number of countries and situation, however, this is not the current state of affairs. Most principals’ must be assumed to be non-benevolent, which by implication means that both corruption deterrents in this model can be easily cheated upon: there is hardly any risk of being detected if there is no one seeking detection; similarly, no severe punishment will be enacted if those responsible for enacting legal remedies are themselves corruptible” (Teorell 2007, 4).
These institutions define a sequence of principal-agent relationships. In a typical representative democracy, for example, there are three broad delegations that might be noted. First, the sovereign people delegate decision-making power (usually via a written constitution) to a national legislature and executive. […] A second step in the delegation of power occurs when the details of the internal organization of the legislature and executive are settled. […] A third step in the delegation of power takes the legislature (or its political chiefs) as principal and various bureaus and agencies as agents.

More generally, in this ideal liberal-democratic institutional setting the ultimate principal/truster can be identified as the sovereign people, i.e. the citizenry, while any public officials (elected, appointed, nominated, selected by merit, etc.) is the agent/fiduciary. Any agent entrusted by public organizations (governments, public companies or agencies, etc.) with the power to manage resources in the interest of the principal also has private interests that may not coincide with those of his principal/truster. Moreover, he can hide information on himself as well as on the characteristics and content of his tasks and activities. This is the reason why, in the delegation of power and responsibilities to the agent, the principal usually does not attribute him an unconstrained capability to act in his interests, laying down rules and procedures which limit the agent’s range of discretion, and develops various mechanisms of legal, administrative, social, political or contractual control and enforcement of infringements and abuses. Among the rules posed by the principal there is the prohibition of accepting payments or other rewards from “third parties” for the accomplishment of delegated tasks, as this would increase the risk of the agent disregarding the interests of the principal.

Corruption causes then a specific distortion of the relationship between principal and agent— to be distinguished by other distortions and abuses – induced by a third actor, the corruptor. The exchange relationship with a briber causes/prompts the agent to violate constraints imposed by (formal and informal) rules. By offering money or other rewards, the corrupter succeeds in obtaining from the agent favourable decisions, reserved information, protection (della Porta and Vannucci 2012, 6). In the transaction between the agent and the corruptor property rights on resources created and allocated as a consequence of the public agent’s activity and influence are shared between the two. The agent modifies (or maintain,
having the power to modify) to the advantage of the briber such allocation of property rights, obtaining as a reward a fraction of the value thus created.

**The cultural and the neo-institutional perspectives**

A second approach – the *cultural* perspective – looks at the differences in cultural traditions, social norms and interiorized values which shape individuals’ moral preferences and consideration of his social and institutional role. Individuals belonging to different societies and organizations can be *pushed* towards corruption by the nature of their internalized values and by social pressures. While the economic paradigm in the last decades dominated scientific research on corruption, in this contribution we will try to examine also theories on “moral costs” – or better, on *normative barriers* against corruption – which consider not only the influence of *exogenous* macro-variables on the degree of “average ethical aversion” against corruption, but also *endogenous* dynamics which shape individuals’ preferences and moral constraints (Pizzorno 1992).

If the economic perspective considers corruption as *a crime of calculation, not passion*, according to the cultural approach also *passions matter* in corruption choices, which means ethical judgements, civicness, public spiritness. The analysis of such factors requires a more in-depth research on the mechanisms which allow actors to enter and operate within networks of corrupt exchanges, through a selection and socialization process which – besides transmitting “routines” and informal norms – also shapes them along time their interiorized values.

A third *neo-institutional* approach, in fact, considers not only moral values or economic incentives, but also mechanisms which allow the internal regulation of social interactions within corrupt networks, and their effects on individuals’ beliefs and preferences. Once a certain organizational texture and ‘cultural adaptation’ to corruption has developed, informal codes and governance structures provide internal stability and enforcement mechanisms to illegal dealings in specific areas of public activity, reducing uncertainty among partners in

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60 A neo-institutional approach to the analysis of corruption has been adopted, among others, by Husted (1994), della Porta and Vannucci (1999; 2012), Lambsdorff (2007).
relationships which thus appear more lucrative and less morally censurable. The co-evolution of economic incentives and cultural values, in other words, is path dependent: the heritage of corruption in the past produces increasing returns in subsequent periods by providing informal norms, learning of specialized skills, organizational shields and other mechanisms of protection against external intrusion by the authorities and internal friction among corrupt actors (Della Porta and Vannucci 2012, 219-22.). Along time, the informally regulated practice of corruption may also influence other economic and cultural variables, since it neutralizes moral barriers and creates more profitable opportunities rooted in formal procedures and decision-making processes.

Three enforcement mechanisms of corrupt exchanges

The variables which – according to the three paradigms above outlined – influence corrupt exchanges can be taken into consideration as modelling conditions and opportunities for two interrelated relationships: between the “sovereign people” and the public agent, and between the public agent and the corruptor. In both cases trust is at stake, as we have seen, since it is a pre-requisite for them to take place. Following Ellickson (1991), in the realm of corruption we may distinguish three sources of trust, which correspond to different “governance structures” coming into operation in case of betrayal of trust: first-party, second-party, and third-party enforcement mechanisms.

First-party mechanisms are enforced on oneself by an actor: “An actor who imposes rules and sanctions on himself is exercising first-party control” (Ellickson 1991, 126). This mechanism is based upon the structure of internalized values (such as ethical or moral codes) and self-control system, sanctioned by the personal feeling of discomfort or guilt which – even if not discovered and exposed – accompanies certain actions (in this case, the betrayal of trust

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61 There is a reciprocal influence between the “official” and the “hidden” exchanges: opportunities for corruption depend on the rule-oriented actions of agents which are defined by the principal-agent institutional setting; the hidden exchange with the corruptor modify the incentives for the agent to fulfil the principal’s interests – and therefore often also the outcomes of his actions.
of agents towards the interests of citizenry they should realize, or between partners in illicit deals).\textsuperscript{62} As Coleman (1990, 243) puts it:

The norm may be internal to the individual carrying out the action, with sanctions applied by that individual to his own actions. In such a case a norm is said to be internalized. An individual feels internally generated rewards for performing actions that are proper according to an internalized norm or feels internally generated punishment for performing actions that are improper according to an internalized norm.

Several potential sources of trust enter into play in first-party mechanisms to sanction rule-governed actions of actors (public agents as well as corruptors): (i) \textit{selection}, since the principal may try to create selection mechanisms of agents favouring those who share (as much as possible) with their principal the preference ordering over agent’s actions (and outcomes of such actions); (ii) \textit{socialization}, through “educational” and training activities which are used by the principal to induce agents to subsequently adhere (as much as possible) to his preference ordering; (iii) \textit{signalling}, since it might be in the agent’s interest to convince his principal that he follows a self-imposed structure of (political, religious, public-interest oriented, ethical, etc.) values which makes him trustworthy.

In any case: “knowledge that the agent’s utility is positively related to the principal’s payoff increases the principal’s evaluation of the agent’s trustworthiness” (Knack 2001 6), therefore increasing also the possibility of a successful deal between the two.

In \textit{second-party mechanisms} one partner may apply sanctions that strengthen the incentives for the other to fulfil the terms of their contractual agreement: “A promisee-enforced contract is a system of second-party control over the contingencies that the contract covers; the \textit{person acted upon} administers rewards and punishments depending on whether the promisor adheres to the promised course of behaviour” (Ellickson 1991. 126). In the relationship between an agent and the public organization the potential application of

\textsuperscript{62} Obviously the set of values which shape any individual character – in analytical terms, individual’s preferences – and its evolution along time are the product of external socializing forces. Whatever its origins, the possibility of cooperative relationships critically depends also on the existence of such self-enforcement mechanisms.
sanctions is delegated to institutional and informal control and enforcement mechanisms. When effective, such mechanisms increase the incentive for the agents to honour his obligations. If parties involves have the possibility to impose sanctions on each other, like in the agent-corruptor relationship, the enforcing action generally consist in the termination of the exchange (Panther 2000), or in a reputational damage, spreading information on the partner’s untrustworthiness. In repeated interactions, in fact, the anticipation of future opportunities and advantages from exchanges can induce actors to restrain from cheating, since this would cancel \textit{relation-specific} prospective advantages (Charny 1990, 392). When information on previous actions circulate among relevant actors, as it usually happens within smaller or cohesive groups, the enhancement of trust may derive from any actor’s awareness that defection will preclude also opportunities with other potential partners, expectation of ostracism or shame being the feared sanction.\textsuperscript{63} Under these conditions, on the contrary, there is an incentive for the agent to adopt a strategy aimed at building one’s \textit{good reputation}, not betraying the partners’ trust.

\textit{Third-party mechanisms} rely instead upon the intervention of \textit{external} actors to the contracting parties, who scrutinize and evaluate rule-governed actions, eventually applying sanctions and therefore inducing compliance on those directly involved in the exchange:

The enforcer induces the parties to an agreement to perform in situations in which they would not be inclined to perform on their own. He does so by threatening to impose costs on them. The amount of cost-imposing power that a third party possesses sets a limit on what he can enforce. Parties making an agreement subject to third party enforcement will comply only if they think that enforcer is able and willing to impose a cost at least as large as the required transfer (Barzel 2002: 42).

The supply from a third-party enforcer of \textit{protection} of property rights on assets at stake in the exchange facilitate trust between contractual partners that cheating will not be a

\textsuperscript{63} While guilt is a typical first-party sanction, since it is independent from other’s awareness of agent’s rule-breaking behaviour, \textit{shame} is activated instead by others knowing that agent has cheated, it has therefore to be considered as a second-party enforcement mechanism (Knack 2001, 6).
profitable option. In corruption and other illegal deals rights exchanged are usually ill-defined and fragile, since they cannot be delineated and enforced by the state.64

Third party enforcement may be provided at three levels by different actors (Ellickson 1991, 127):

(i) social institutions exercising de-centralized, diffused, informal control through ostracism, forced exclusion, stigma. In this case the sanctioning activity is individually adopted by social actors in their interactions with identifiable cheaters;

(ii) nongovernmental organizations that supply enforcement of rule-governed actions in corrupt deals, guaranteeing with their (political, economic, ideological, etc.) resources detection and sanctioning of cheaters;

(iii) governmental organizations, which typically apply coercive sanctions when the breach of certain formal rules is ascertained following specific procedures: in the paradigmatic case, courts enforcing contracts.

Formal rules and informal constraints

A somehow fascinating feature of corrupt exchanges is that actors and resources at stake are distributed across a blurred boundary, where formal rules and informal constraints, licit and criminal activities, official roles and invisible hierarchies, legal resources and illegal property rights are deeply entangled. Following the above sketched theoretical scheme we will try to unravel them, taking as a focus the exchange relationships among actors involved in the corrupt deal.

The “official exchange” between the public organization, as a truster, and its agent/fiduciary defines the agent’s rule-governed duties, permitted and prohibited actions. Following North, we may consider how “the formal and informal rules and the type and effectiveness of enforcement shape the whole character of the game” (North 1990, 4). Rules bounding and addressing agents towards integrity include both official norms, procedures or contractual clauses, but also informal constraints and unwritten codes of conduct, demarcating

64 According to Barzel (2002, 23): “The state uses its third-party power to enforce certain agreements (…). The rights the state delineates are designated ‘legal rights’. Economic rights not backed by legal rights are not part of the scope of the state”.

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the set of acceptable actions, excluding improper exchanges with other actors (i.e. potential corruptors). Within this framework, rules are applied through a variety of more or less effective (first, second and third-party) enforcement mechanisms, which are also a constitutive component of the institutional framework which defines the structure of property rights emerging from the exchange.

The agent’s opportunities for corruption are therefore determined by the institutional setting within which the official exchange with the principal takes place. The probability $p$ that a public agent chooses the corrupt action $ac$ (to take a bribe) – formally: $p(ac)$ – is directly related to the following variables, reflecting how many valuable resources are allocated by the agent and how much influence he does have in the corresponding decision-making process:

**R**: the economic value of appropriable property rights over rents which are created and/or allocated through the agent’s (more or less) monopolistic actions, through activities that imply a *de facto* “privatization” of collective rights over public resources whose management/supervision had been delegated to him within the public organization;

**D**: the degree of arbitrariness in the public agent’s decisions on the identity of the beneficiary of the appropriable property rights over rents, which is higher the larger the set of rule-governed actions which the agent can adopt – with no effective supervision on their content or output – within the institutional framework defined by the public organization in the corresponding decision-making setting;

**H**: the amount of hidden information, related to a lack of transparency in the decision-making processes, that the public agent may selectively transmit to private actors increasing their probability to obtain appropriable property rights over rents they would otherwise not be entitled to;

These three variables establish the “size of the cake” to be split between corruptor and corruptee and the public agent’s availability of resources to influence such allocation, according to the formal “rules of the game” constraining him within the public organization.
The agent’s expected cost from involvement in corruption has also to be considered: it is
greater the higher the probability of being caught and the more severe the penalty applied.
Public agent’s accountability is the variable to be considered here. It may be useful however to
distinguish between three different sources of accountability, i.e. the enforcement mechanisms
which supervise and enforce the rule-governed actions of public agents: less accountability
here means stronger incentives to corruption.

The first is the state third-party enforcement mechanisms, sanctioning the formal “rules
of the game” within the public organization. Given the institutional setting of formal
regulation – criminal law and other rules, procedures and contracts – the judicial system and
other specialized public organizations (anticorruption authorities, ombudsman’s offices,
parliament’s inquiry committees, disciplinary committees, etc.) supervise the agent’s
fulfilment of official duties (specifically in his interactions with other actors, potential source
of corruption) and eventually – when an infringement is detected – apply sanctions. The more
effective they are, the higher the expected costs of corruption. We may call it:

\( A_{st} \): state accountability, related to the effectiveness of governmental third-party
enforcement mechanisms.

A second source of accountability derives from second-party and third-party non-
governmental enforcement mechanisms. They may operate through organizations’ activity: for
instance, political parties that impede candidatures to their corrupt exponents or force them to
resign; independent media exposing and publicly blaming public agents’ malfeasance; NGOs
and civic association monitoring and censuring corrupt agents’ actions; social groups – within
bureaucratic organization, professional associations, private business chambers, etc. – whose
members can stigmatize corrupt actions and exclude from their “circles” those actors who are
involved. Other forms of de-centralized third party control may take the form of diffused
social stigma, ostracism and political sanctions. Also electoral punishment sanctioning the

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65 Third-party state enforcement is officially delegated to other public agents having the duty to discover, expose
and punish public agents’ corruption, through mechanisms of horizontal accountability: public agencies
scrutinize and (eventually) sanction other public agent’s action. Reframed within the principal-agent scheme, it
can be represented by a top-down control mechanism, i.e. a further link in the chain of principal-agent
relationships characterizing the state organization. Supervisors – delegated by the principal to manage their
enforcement activity – might be corrupted as well by their supervisee, who in turn become corruptors not to incur
in sanctions (Lambsdorff 2007).
responsibility of elected politicians for their involvement in corruption can be considered an enforcement mechanism allowing the citizens to abstain from future “contractual” interaction with public agents who were elected to represent their interests and identities. With a synthetic expression, we can define this variable:

**Aso**: societal accountability, which depends on the effectiveness of the second-party and non-governmental third party enforcement mechanisms – applied by private organizations and groups, as well as by social forces and by the public opinion, that in democratic regimes – for instance – have the fundamental power to punish their corrupt representatives not re-electing them.

A specification can be useful here. State enforcement (Ast) monitor and sanction infringements of certain formal rules guiding public agent’s actions, while societal non-state enforcement (Aso) operates through non-legal sanctions (Panther 2000), imposed when a violation is detected of informal constraints. For the sake of simplicity, we can use the term scandal to sum up all the adverse consequences (i.e. the costs) that the agent will suffer when his involvement in corruption is exposed (social stigma, reputational loss, political sanctions, forced resignation from his public role, etc.). When both formal and informal rules (and the corresponding enforcement mechanisms) do not consider a certain action – nevertheless implying some questionable relationship between the public agent and private actors – as illicit/blameable, we are not in the realm of corruption, since in that cultural and institutional framework the action is tolerated as “normal”, at least not blameable (see table 1, case 4).

On the contrary, when there is a convergence of formal and informal rules on the evaluation of certain agent’s actions as corrupt, they tend to complement and strengthen each

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66 The strength of these societal enforcement mechanisms critically depends upon a variety of political and social factors encouraging participation, mobilization, circulation of information among relevant actors in the social system. Vertical accountability requires in fact control and enforcement from below of public agent’s misbehaviour, even if the term vertical might be somehow misleading. In practice, effective societal accountability requires in fact as a prerequisite the presence of conditions apt to cooperation and reciprocity – bonds of trust and social capital within organizations, value homogeneity among social groups, etc. – allowing individuals to solve the free-rider problem in their collective actions finalized at the control and enforcement of public agents’ corruption.

67 The distinction between second and third-party enforcement mechanisms is somehow blurred here. Any classification will in fact depend on our definition of the principal/truster’s identity as a political sovereign: sovereign people, for instance, in democratic settings have the power to sanction corruption through the electoral mechanisms, “firing” corrupt politicians (which is alike a second-party control in the P-A framework), but also through social stigma and ostracism applied by individual agents (akin to a third-party mechanism).
other. For instance, expectations on high standards of integrity and a strong public reactions against agents’ misdeeds tend to strengthen the efficacy of judicial action, and vice versa. Scandal and state enforcement of corruption in this case go hand in hand (case 1).

A divergence between legal and informal constraints may produce two opposite situations. When social values and societal enforcement mechanisms are more tolerant than legal rules, a wider set of agents’ actions may realize *legally condemned* corruption even without scandal: third party state enforcement is not supplemented by any significant societal and private-organizations administered reaction, conviction of bureaucrats and politicians does not produce societal sanctions, even conviction may pass almost unnoticed by the public (case 3). In this case, however, the friction between the two – as in the case of externally imposed western legal standards to third-world countries – may along time create incentives for public supervisors to reduce their effort, thereby undermining the substantive effectiveness of formal institutions. Without any effective enforcement mechanisms operating, this case may finally become akin to a substantive no-corruption case.

Finally, certain public agent’s actions can be blamed and punished through mechanisms of societal, group and organizational control, even if they do not realize any formal violation of legal rules, generating a scandal which cannot be complemented by legal prosecution and conviction, i.e. without *legally condemned* corruption (case 2). In this case “informal institutions achieve what formal institutions were designed, but failed, to achieve”, i.e. they have a *substitutive* function with respect of ineffective formal institutions (Helmke and Levitsky 2004, 729); or allow civil society to exercise a more inclusive direct power to supervise and address their representatives’ activities (Rosanvallon 2006).

A tension between the two set of norms can be interpreted also as a symptom of the discrepancy among underlying values, as well as a mere expression of deficiency in institutional design. In a similar situation the societal distrust and disaffection towards the state and public agents tends to spread. A political demand for more effective and stringent anticorruption regulation will probably emerge but in the long run, if frustrated by the (lack of) elite’s reaction, it can progressively undermine also the societal enforcement of agents’ corruption, weakening the popular reaction to exposed malfeasance. In this case corruption vanishes not as a consequence of effective anticorruption, but of the loosening of the
in institutional framework and societal values which makes it recognizable, identifiable, enforced.

<table>
<thead>
<tr>
<th>Table 1: Formal rules and informal constraints definition/enforcement as corruption of an agent’s action:</th>
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<tbody>
<tr>
<td><strong>Informal constraints</strong></td>
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<tr>
<td><strong>Not punished</strong></td>
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</table>

A last source of accountability is generated by first-party enforcement mechanisms. In an economic perspective this factor is often labelled moral cost of corruption, a negative addendum, reflecting individual’s ethical preferences, that enters in the choice of individual actors whether or not to engage in corrupt exchanges. Reframed as a first-party control mechanism, moral cost can be considered as normative barriers, expressing the agent’s preferences and internalized values addressing his actions. They correspond to a self-inflicted loss of utility that results from engaging in an illegal or socially blamed actions (Rose-Ackerman 1978, 113; della Porta and Vannucci 2005) The higher the moral cost for a given agent, the stronger will be his “preference for formal rule-fulfilment”, that is, the kind of psychological suffering, discomfort or guilt personally expected in case of infringement, perceived as a betrayal of public trust, independently from its detection. Moral costs are higher when public agents’ preferences ordering over his actions (and their outcomes) are closer to
those embodied by the rules addressing the functioning of the public organization, and backed by the values which prevails within his social circles. In this case, in fact, the betrayal the public trust becomes a cause of discomfort in itself, similar to betraying the own agent’s second-order preferences towards his own integrity (Hirshmann 1982; Pizzorno 2009).

N: normative barriers, that depends on the self-imposed and self-enforced rules constraining the agent not to accept corrupt deals with other actors, whose intensity corresponds to the “moral character” of an individual facing the choice among different actions that are rule-governed in the interest of the public organization. Normative barriers are stronger the higher is the degree of agent’s identification with the public organization’s values and purposes.

In table 2 we provide a schematic overview of the nature of rules enforced, sanctions applied and (foremost) sanctioning agents in first, second and third-party control mechanisms of corruption: in other words, the institutional framework of norms and enforcement mechanisms against the practice of corruption within a certain society.

<table>
<thead>
<tr>
<th>Table 2: Enforcement mechanisms against corrupt exchanges</th>
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<tbody>
<tr>
<td><strong>Enforcement mechanism</strong></td>
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<tr>
<td>----------------------------</td>
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<tr>
<td><strong>First-party control</strong></td>
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<tr>
<td><strong>Second-party control</strong></td>
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<tr>
<td><strong>Third-party control</strong></td>
</tr>
</tbody>
</table>
Informal institutions and enforcement mechanisms of corrupt exchange

The concept of normative barriers is a cross field to introduce two variables, which refer to the informal “institutional framework” where the exchange between public agent and corruptor takes place. The public agent’s and corruptor’s reciprocal “contractual obligations” are illegal or contrary to socially enforced informal codes of conduct which regulate their activity. As a result, they cannot be overtly arranged nor enforced through state third party-mechanisms. The risk of being cheated by the partners, who may renego on their promises, failing to pay the agreed bribe or failing to provide the agreed favors, consequently increases. In these cases, the public agent and the corruptor of course cannot ask a judge to protect their property rights over the resources that were exchanged. In the agreement between public agents and corruptors: “contracts are not enforceable in court of law; the assets of the illegal operation may be seized at any time that law enforcement agencies identify the operation and the associated assets; all participants are subject to the risk of arrest and imprisonment” (Reuter 1983: 114). The natural environmental conditions for corrupt exchanges are secrecy, lack of transparency, severely restricted participation, significant exit costs (Lambsdorff 2002: 222). High transaction costs, in other words, are a by-product of the uncertainty on the successful conclusion of their deal: “Since corruption transactions occur outside the law, there are many opportunities for the parties to take advantage of each other. Numerous situations allow for the systematic distortion of information in order to benefit a particular party in a corruption transaction” (Husted 1994: 19).
The corrupt contractual agreements cannot obviously be enforced with legal sanctions, but several first, second, and third-party enforcement mechanisms are nevertheless available to actors. Informal, non-written rules, contractual provisos and conventions may in fact regulate the corrupt exchange between agent and corruptor, with sanctions attached to them. Without any enforcement mechanisms, in fact, the corrupt exchange would be doomed to failure, being trust in potential partners’ goodwill a scarce resource in itself, even more in illicit deals.

As above noticed, the existence of normative barriers in corruption implies the existence of an agent’s interiorized “ethical preferences” for the respect of rules and codes of behavior regulating his role within the public organization. Is it possible to imagine that a similar self-imposed control in the corrupt exchange between actors who operate covertly, against the law or against socially shared ethical standard, in betrayal of the public trust? Under certain conditions, also the “value of the word given” to partners in the corrupt exchange can have a positive consideration in the actor’s moral preferences. For instance, personal or idiosyncratic sources of trust and loyalty towards counterparts can generate an ethical preference towards “integrity in corruption”, a moral stance that to be trustworthy in the management of bribes has a value in itself. First-party control occurs when the violation of the informal norms of corruption produces for those who have internalized their obligations a psychic cost, feelings of guilt or discomfort. If all partners in corrupt deals share similar internalized norms, reciprocal trust – if existing – will not be betrayed and illegal exchanges can be successfully concluded.

Under certain condition such moral benefit of corruption can be amplified by the existence of strong sources of loyalty alternative to the state, particularly within societies where there are relevant (ideological, ethnical, religious, etc.) cleavages and contrasting subcultures. Kinship, ethnic, political and other social ties, in fact, tend to strengthen such first-party enforcement mechanisms. The corrupt exchange can be judged as functional to the over the resources at stakes are more fragile, uncertain, aleatory. Actors participating to corrupt exchanges can indeed be assimilated to thieves, who “lack legal rights over what they steal; nevertheless, they are able to consume it and to exclude others from it, to derive income from it, and to alienate it. [...] The lack of legal rights may reduce the value of those capabilities, but it does not negate them” (Barzel 1989: 110).

Legal sanctions can be exceptionally used to enforce corrupt deals, but with a very high risk for those who anonymously denounce to the authority “cheaters” in corrupt deals, or constrain them with formally legal contracts: the risk of being counter-denounced by their partners and therefore involved in prosecution.
realization of long-term purposes of actors and organizations (especially political parties with a strong ideological orientation) towards whom the agent and/or the briber identify, or are altruistically inclined. They can thus get psychological relief – or even the satisfaction of some “sense of justice”, i.e. a moral value in itself – in the very practice of trustworthy corruption. Under such conditions, corrupt actors experience a strong self-justification of their corrupt activities that will more or less directly advantage or support individual or collective entities (relatives, political organizations, a private association, an economic enterprise, the members of an ethnic minority, etc.), whose purposes they evaluate as worthwhile in themselves and share. Even when their short-term interests would encourage them to cheat their partners, the awareness that their “honesty in corruption” will benefit such collective entities having a longer time-horizon (i.e. discounting with a lower rate future payoffs) might be sufficient to induce them to abstain from defection.

In the clash between the two conflicting value systems and trust ties – supporting legal rules and the public interest, or vice versa the informal constraints of deal with the corruptor–normative barriers against corruption are correspondingly weakened, or can even be paradoxically reversed to a moral benefit. The first-party enforcement mechanism of corrupt deals can therefore be dealt with as:

\[ \textbf{Mb: Moral benefits, depending on the value attributed by partners in corruption to the self-imposed and self-enforced informal constraints which define the terms of their contractural agreement. The moral benefit of corruption is directly proportional to the degree of congruence between the agent’s and/or corruptor’s preference ordering and the preference ordering of other actors who will benefit from the corrupt exchange – who may coincide or not with their partners in the corrupt deals.} \]

\[ \text{Moral benefits of corruption might for example be generated by the awareness that the bribes collected will be reinvested in the political market, furthering the interests of the corrupt politician’s party, i.e. promoting the realization of its ideological programme.} \]

\[ 71 \text{In the words of an Italian politician: “‘I have been strongly and morally helped by the awareness that I was using the bribes that I received in recent years in the interests of the party. It has been decisive in the fact that I can still walk proudly into the Milan headquarters of the party and I am known by collaborators, functionaries and leaders as the one who decisively contributed, for such a long time, to party life” (Mani Pulite: 23). Italian party cashiers were also selected by leaders precisely for their high and undisputed level of integrity in the management of bribes (della Porta and Vannucci 1999, 97-99) } \]

\[ 72 \text{Moral benefits of corruption might for example be generated by the awareness that the bribes collected will be reinvested in the political market, furthering the interests of the corrupt politician’s party, i.e. promoting the realization of its ideological programme.} \]
Second and third-party enforcement mechanisms can also guarantee actors’ *hidden accountability* within the corrupt deal. Accountability towards partners in corruption, opposite to the usual meaning of accountability in the public agent’s activity.

Second-party enforcement is based on the sanctions directly administered by partners in the corrupt exchange, which often rely on the transaction-specific expected advantages of a reiterated relationship. In repeated interactions, in fact, the menace of termination of the exchange relationship (as well as other forms of direct retaliation) in case of cheating may under certain condition – long time horizon and high frequency of interactions, low discount rate of future payoffs, etc – discourage defection and cheating in the corrupt exchange. The circulation of information about one’s previous actions within the network of actors involved in corruption further on increases the effectiveness of partner’s expected sanctions, since also reputational assets enter into play.

Third-party enforcement mechanisms may imply within networks of corrupt and corrupting actors a widespread adhesion to informal rules stating how to behave in hidden exchanges and how to punish those who do not fulfil their prescriptions and proscriptions. In this opaque universe agents’ cheating is individually enforced, within the circles of participants to the “corruption game”, with social stigma and blame, but also with marginalization and ostracism, i.e. through elimination from a “market” where profitable opportunities could emerge.

As the domain of corruption network extends, raising the costs of the ex-ante gathering of information, identification of partners, monitoring and sanctioning of deceitful partners, the demand for protection increases. A specialized third-party enforcer, distinct from actors involved in the deal, may also enter into the scene selling his protective services. As we will see, individuals or collective actors (organizations) can use different resources (influence over the public authority; ideological rewards; violence, information and economic resources, the power to assure or deny access to profitable opportunities) to enforce rules and contracts, i.e. to protect the allocation of rights emerging from the corrupt exchange:

the essence of enforcement power is in the enforcer's ability to punish (i.e., to impose costs). Those costs can be imposed both by the use of violence and by other means. (...).
Different third parties impose costs by different means. The state imposes costs through use of the physical force of the police, and the Catholic church through excommunication and the prospect of purgatory. As is evident from these illustrations, the ability to impose costs does not necessitate the use of physical force, nor does it require a formal organization” (Barzel 2002, 38-9)

Third-party enforcers of the informal constraints regulating corrupt exchanges “reduce uncertainty by establishing a stable (but not necessarily efficient) structure to human interaction” (North 1990, 6). Either public (politicians, bureaucrats, etc.) or private (entrepreneurs, brokers, etc.) actors may enter as individuals in the protection market, using different means to sanction cheating or defecting partners. Certain organizations can also become third-party enforcers in corrupt exchanges: political parties, firms, mafia and other criminal groups, private associations, Masonic lodges, trade-unions among them. Enforcement provided by organization may be more or less effective according to several factors, among them its nature, scope, stability, internal structure.73 Political parties, for instance, can use their influence over public decision-making processes – whose implementation is guaranteed by the coercive authority of the state – to impose costs on cheaters in corruption contracts, or vice versa to promise future advantages to those who respect those informal rules. They can, in fact, use as an enforcing mechanism their capability to rule out cheaters from future profitable interactions with public bodies or party structures: career perspectives for lower-level bureaucrats, support for publicly appointed positions or candidatures for elected politicians, 

73 Rules governing the corrupt exchange are enforced through sanctions, whose administration is also governed by certain “procedures”. Third-party enforcers can be self-constrained by second-order rules, or they can solve disputes more arbitrarily – making the outcome of their enforcement activity less predictable, therefore reducing the “quality” of their protection services. Third-party enforcers are rarely neutral to the transacting parties, nor they necessarily do restrict themselves to prescribing and impartially enforcing rules for compliance, as in the idealized rule-of-law operations of the state. There are problems of reliability and incentive-compatibility in the activities of actors and organizations involved as enforcers in the market for corruption. In order to be credible, accepted and trusted by corrupt actors, enforcers have to control and exhibit specific resources, whose use is costly –they have to be compensated for their services. At the same time, protection has “public good” attributes that makes it exploitable by free-riders, at least to a certain degree (Gambetta 1993): when expectations converge towards a smooth functioning of the rules of corruption, the demand for third-party enforcement declines. Specialized enforcers must therefore police also their “extractive” activities, in order to motivate and monitor payments of protection-money. On the other hand, since the essence of protection consists in the power to impose costs, partners in corrupt transactions must also be reassured that the guarantor will not use its power in order to seize (instead of protect) assets exchanged.
awards of public contracts or licenses to entrepreneurs, etc. They might also appeal to
common ideological values to obtain the compliance of their corrupt members. Criminal
organizations also have the power to enforce illegal deals by using coercion, as well as their
reputation as “tough guys” able to adjudicate disputes. Cartels of contracting firms may
menace exclusion from profitable long-term relationships. In table 3 some of the main factors
influencing organizations’ enforcement capability are schematically represented. In general
terms, the “quality” of the governance mechanisms of corrupt transaction can be defined as:

Ah: hidden accountability within corrupt exchanges, proportionate to the effectiveness of
governance mechanisms that create reciprocal trust between partners, eventually through
private protection supplied by specialized third-party enforcers, discouraging defection and
sanctioning cheaters.

<table>
<thead>
<tr>
<th>Enforcement mechanism</th>
<th>Rules enforced</th>
<th>Sanctions</th>
<th>Sanctioning agent</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-party control</td>
<td>Moral benefit</td>
<td>Interiorized ethical values and beliefs</td>
<td>Psychological suffering and guilt</td>
</tr>
<tr>
<td>Second-party control</td>
<td>Hidden accountability</td>
<td>Informal contractual obligations</td>
<td>Termination of the relationship; inflicting costs through other means (including violence)</td>
</tr>
<tr>
<td>Third-party control</td>
<td>Social control</td>
<td>Hidden accountability</td>
<td>Informal codes of conduct regulating illegal deals</td>
</tr>
<tr>
<td>Individual enforcement</td>
<td>Hidden accountability</td>
<td>Informal codes of conduct regulating illegal deals</td>
<td>Exclusion from future opportunities for exchange; violence, etc.</td>
</tr>
</tbody>
</table>
Three paradigms in a formula:

The component parts of any hypothetical “corruption calculus” can be synthesized in a formula. The probability $p(ac)$ that an agent will accept or propose a corrupt deal are a function of the following variables:

$$p(ac) = f[R, D, H, -(Ast, Aso), -N, MB, Ah]$$

The agent’s probability of a corrupt choice depends on the characteristics of the official rules and decision-making process defining his opportunity to get an undue rent through a corrupt exchange [$R, D, H$]; on the effectiveness of the enforcement mechanisms – both state-backed and societal – sanctioning his (potential) involvement in corruption [$-Ast - Aso$]; on normative barriers, i.e. the intensity of psychological affliction he is expecting to suffer violating the norms against corruption [$-N$]; on his interiorized “sense of loyalty” towards or identification with the partners or other beneficiaries of the corrupt deal, i.e. on the moral benefits of corruption [$Mb$]; on the effectiveness of other hidden second and third-party governance structures sanctioning cheaters in corrupt exchanges [$Ah$].

As in the case of the Klitgaard’s, this formula and similar expressions are “mathematical metaphors for heuristic purposes only” (Klitgaard 1998, 6), since each of these variables is multidimensional, reliable measures are not available, each of them is correlated with others included in the formula.
The above formula may also be used to represent at a macro-level the influence of several variables on the overall diffusion of corruption in the public sector within a certain society.\textsuperscript{75}

\[ C = f[R, D, H, -(Ast, Aso), -MC, MB, Ah] \]

The diffusion of Corruption C is a function of:

i) the amount of private property rights (R) generated through the “conversion” of collective property rights over public goods and resources, for instance spending budget, monopolistic positions, licenses, and any other activity generating privately appropriable rents, delegated to the public agents’ regulation, supervision, allocation. Ceteris paribus, the larger the amount of public assets whose value and distribution can be “privatized” to the benefit of selected private actors, the stronger the opportunities for hidden appropriation benefiting those inclined to propose and accept bribes. Corruption is actually generated – not fought nor limited – by a de-facto privatization of collective rights over public resources.

ii) the degree of arbitrariness D in the decision-making processes where public agents can influence the collection, creation, allocation, expropriation of privately appropriable property rights. Ceteris paribus, corruption may increase when the institutional framework regulating decision-making allows for a larger arbitrariness, used by public agents as a “commodity of exchange” in the corrupt deal. In formal terms, the wider the set of actions having effects on private actors that public agents have under their control, without any effective supervision on their content or output, the higher the probability that some of them will provide a desired outcome to some corruptor, who will be willing to pay to obtain it.

iii) the amount of hidden information H produced within public decision-making, which can be used by public agents as a resource in the corrupt exchange, influencing the allocation of property rights over valuable resources. The more opaque (less transparent) the decision-making process, the wider the opportunities for corruption. Information is not a pre-requisite for accountability here, but a “commodity of exchange” in the illegal deals. In this case, in

\textsuperscript{75} This formula restates Klitgaard’s one (1988, 75), which summed up the basic assumption of the rational choice theory, including also cultural and institutional dimensions.
fact, bribes can be paid by the briber to the corrupt agent to gain access to confidential, privileged information, which has a value since it increases the probability of obtaining – even in absence of any arbitrary decision – property rights.\textsuperscript{76}

iv) the effectiveness of state and societal accountability mechanisms \textsuperscript{-(Ast; Aso)}, i.e. the efficacy of state, societal and organizational control and enforcement over agents’ (and potential corruptors) actions. The more effective the institutional arrangements to hold agents responsible for their activity and sanction them in case of violation, the less probable will be their involvement in corrupt exchanges.

v) the level and distribution of normative barriers (-N), i.e. the individual’s moral aversion to corruption, shaping their values and preferences. Considered as exogenously given in economic models, normative barriers of corruption may vary significantly in their distribution within a certain society, among countries and – taking a long view – along time. \textit{Ceteris paribus}, higher normative barriers weakens propensity and therefore preclude participation to corruption to a larger proportion of individuals.\textsuperscript{77}

vi) the level and distribution of moral benefits (Mb) of corruption, i.e. the interiorized “ethical values” attributed by individuals to obligations emerging as a consequence of the corrupt deal. Higher moral benefits may also imply stronger ties of trust connecting participants in corrupt exchanges, i.e. more corruption.

vii) the effectiveness of hidden accountability mechanisms (Ah), reflecting the existence and efficacy of other governance mechanisms regulating and enforcing corrupt deals. The “informal institution” of corruption typically develop along time through a path-dependent process. The legacy of pre-existing corruption equilibria, in fact, influences the robustness of

\textsuperscript{76} Take, for instance, a profitable public contract over which no agent has the power to decide who will be the winner (D=0). In that case there should not be any corruption, unless some agent has access to confidential information (on the profiles of the project that will be “objectively” preferred, or the timing of the public notice, for example) that can be sold to a corruptor, therefore increasing his chances of winning the public tender.

\textsuperscript{77} The intensity of moral costs, reflecting internalized beliefs (such as the \textit{esprit de corps}, the "public spiritedness" of public officials, political culture, public attitudes towards illegal practices), may lower moral barriers that make corruption acceptable for a larger percentage of agents (Pizzorno 1992: 43). The conspicuous variation in the diffusion of the phenomenon which are observed among states with very similar public spending, legal systems and formal institutions – that is, comparable incentives and opportunities for corruption – could therefore be explained by: (1) differences in levels of moral costs (and the characteristics of their distribution); (2) self-enforcing multiple-equilibria related to the effectiveness of the informal institutions and enforcing mechanisms of corruption networks.
subsequent “hidden orders” through several mechanisms. Internal stability in wider corrupt
networks, for instance, relies upon constraints whose efficacy depends on adaptive
expectations and coordination effects. Moreover, the “shadows of past corruption” may
influence its spread in the present through the acquisition and diffusion of “skills of illegality”,
i.e. professional ability, competence, knowledge and “competences” for actors – particularly
third-party enforcers – to operate in illegal markets (della Porta and Vannucci 2012).
Effectiveness of hidden accountability increases the probability of corruption, reducing the
transaction costs of illegal deals.

Economic analysis – as well as public policy – traditionally focuses on the individual
choices within certain formal “rules of the game” and enforcement mechanisms – i.e.
decision-making processes, resources to be allocated, probability and severity of official
sanctions: in the above formula: $C=f(R, D, H, -Ast)$. The assumption that moral costs have a
given distribution, which is generally taken as “given” in its distribution among agents,
reflects the attempt to sterilize the influence of cultural factors and social values on corruption
practices as a whole, by concentrating on the effects of variation in formal – and deliberately
changeable with reforms – institutional constraints.

Following a different approach in the following sections we will instead provide some
insights on the informal dimension of corruption. Basically, the non-written rules and non-
governmental enforcement mechanisms which, strengthening the control of the principal over
agents, may discourage corrupt deals – societal accountability and normative barriers $C=f(-$
Aso, -N); and those informal institutional constrains which vice versa favor cooperation and
trust among corrupt agents, increasing their accountability within the hidden exchanges:
$C=f(MB, Ah)$. 
The “vertical axis”: vicious and virtuous circles between state and societal accountability

A *vertical* dimension is implicit in the principal-agent approach, with its emphasis on top-down imposed rules and procedures, contractual arrangements, formal control and sanctioning: institutions and enforcement mechanisms constraining agent’s actions should address his actions towards the pursuit of some more or less precisely identifiable notion of public interest. A similar view takes only a limited part of the whole picture, however. More specifically, as long as principal, agent and client/corruptor are not individual but collective actors – i.e. in political and administrative corruption – we need to complement this perspective with an *horizontal* dimension, to understand the nature of obstacles that societies might encounter in the implementation of anti-corruption measures.

It is necessary, however, to distinguish between two potential sources of inefficacy. *State accountability*, as we have seen, requires the presence within the chain of principal-agents relationships of public “supervisors” (police, judges, anticorruption authorities, etc.), with the delegated authority to detect and punish corrupt agents. When legal rules and procedures regulating this “second order” control mechanism do not provide conditions (material and normative resources, incentives, motivation, etc.) to implement an effective control mechanism, supervisors do not supervise effectively – or even worse, they participate to corrupt deals sharing with corrupt agents rents collected as bribes. This is a general problem affecting any social attempt to counteract tendencies towards collusion through horizontal – as well as vertical – accountability mechanisms. As Elster (1989a, 157-8) notices: “A system of mutual watching is vulnerable to collusion. An individual who detects a corrupt practice could profit more from blackmailing the corrupt parties than from denouncing them. In general, any mechanism that is supposed to detect and counteract rust formation in the institutional machinery is itself liable to rust.” Formal institutions may fail to provide an environment apt to induce *official* accountability of public agents. Consequently, reforms should be addressed towards the fine-tuning or improvement of the quality of “institutional design”: rule-of-law, independence of judiciary and control authorities, procedures for meritocratic recruitment in public agencies, transparency of decision-making are examples of measures generally required to increase the effectiveness of state enforcement against corruption (United Nations 2004, Lawson 2009, Perrson, Rothstein and Teorell 2012)
A logically different, even if intertwined issue can be addressed looking at the effectiveness of societal accountability. In this case those who should detect, denounce or punish corruption, when it realizes, are not public agents, but a multitude of individual and collective actors, i.e. citizens, electors, bureaucrats, journalists, politicians, entrepreneurs, groups, organizations, firms, associations and other private organizations. They interact more or less frequently within diverse (political, economic, social, bureaucratic) arenas with actors – public agents, potential corruptors – whose corrupt actions they might recognize, accuse, castigate. Information circulates – the media system clearly plays here a crucial role here – on acts or suspects of corruption. Enforcing actors then might individually apply extra-legal sanctions, like stigma, adverse moral judgements, ostracism. They could also use their organizations’ resources to sanction corrupt agents, according to the variety of second and third-party enforcement mechanisms above outlined: a party could terminate his representative’s political career; an entrepreneurs or professional association could ban a member, etc..

There are fundamental areas of intersection between state and societal accountability, however, which become evident when detection of corruption from “social enforcers” flows also into the official mechanisms, translating into denunciation to the judiciary and to other public supervisors. Those who report corruption through institutionalized channels (whistleblowers or investigative journalists, for instance) in this context are not formally entitled as supervisors. They might be motivated by various, even opposite reasons: the desire to take advantage from corrupt agents’ and corruptors elimination (taking their position, maybe also their bribes, in the office; winning public tenders that were regularly awarded to corruptors, etc.); but also by real general interest motivation, sharing public ethics and integrity values. In any case, official denouncement requires a sufficient degree of trust that

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78 As we have shown in section 3, societal accountability can activate social and organizational enforcement mechanisms even in the absence of legal prosecution, when corrupt exchanges haven’t been disclosed yet by supervising authorities, or when social standards for public agent’s activity condemn relationship with “corruptors” that the law tolerates.

79 Corruption is not a victimless crime, but an hidden exchange whose victims – i.e. the citizens – are unaware that they are so, therefore they can not report it. Only exceptionally participants to the corrupt exchange denounce their deal after it has realized, suffering the cost of the sanction (this might be the result of a change of the incentives to confession, for instance, but also of some conversion’ of actors into a new identity “public-spiritness” oriented). Effectiveness of state enforcement therefore depends critically on: (a) autonomous capability of supervisors to collect evidence; (b) amount of reports from other actors who – not involved in the corrupt deals – gather some information on them.
other public agents – in their role of supervisors – will actually prosecute the reported corruption. Obviously, when state enforcement authorities are believed to be ineffective – or populated by corrupt agents as well – incentives to report corruption decline. Moreover – as we will see – potential whistleblowers have also to consider the costs that they may incur due to the internal “governance” of corruption: informal sanctions are inflicted by enforcement mechanisms in corrupt deals. Retaliation against whistleblowers is one of the fundamental norms regulating widespread corruption.

Between the effectiveness of state enforcement and societal accountability mechanisms there is thus a fundamental nexus. Social and organizational enforcement over agents’ (and potential corruptors’) actions may require as an input information on their corrupt actions, which often derives from the activity of official supervisors, i.e. from state accountability mechanisms. Legal and non-legal sanctions against corrupt actors in this case can sum up. In formal terms:

\[ \text{Ast} \rightarrow \text{Aso} \]

In turn, the activity of official supervisor, to be effective, require as an input information which – besides autonomous collection of evidence through several means, e.g. wire-tapping, patrimonial investigation, etc. – may also require participation of other social and organizational actors in the discovery and denouncement of corrupt deals. Without the activation of and support to (individual and collective) whistleblowers or investigative media action, the official supervisors’ activity risks to be undermined. In formal terms:

\[ \text{Aso} \rightarrow \text{Ast} \]

Reciprocal causation between state and societal enforcement mechanisms can therefore go both way, in a path dependent process. We may observe: (a) a *virtuous circle* in which societal encouragement to denunciation and strong public reactions against corruption provide state supervisors evidence – and legitimization – to effectively sanction hidden exchanges, in turn promoting public confidence in anticorruption supervisors and societal accountability; (b) a *vicious circle* where the lack of societal support to the reporting and informal sanctioning of corruption dry up the sources for state supervisors to collect evidence, while difficulties and
failures of state enforcement fosters the public mistrust in supervising authorities, further hindering societal accountability.\textsuperscript{80}

The “horizontal” axis: societal accountability and corruption as a “collective action” problem

The principal-agent-corraptor scheme, in its elementary representation, depicts corruption as a three-levels game with three leading actors. Those involved in political and administrative activity – and potentially also in corruption – are however collective entities. They operate within a texture of social relationships which create more or less effective mechanisms of reciprocal control and sanctioning, or that vice versa favour collusion. In other words, any attempt to trigger unofficial accountability mechanisms, which is often also a precondition also for the uncovering and legal prosecution of corruption, a collective action problem emerge. In this section we briefly analyse it for the three levels of actors.

The notion of a public principal – conceived as a collective entity – generates a severe coordination and incentive-compatibility problem faced by any individual in the group, further complicated by the inherently elusive nature of the public interests whose definition and realization is delegated to public agents. As Persson, Rothstein and Torell (2012, 458) observe: “in a context where corruption is the expected behaviour, monitoring devices and punishment regimes should be largely ineffective since there will simply be no actors that have an incentive to hold corrupt agents accountable”. At individual level the “public good” of having a stricter control on agents can be less valuable than the resources that have to be spent fostering the corresponding supervising activities: how strong are then incentives and motivation for the citizens and social organizations to gather information on public agents’ activity, to elaborate them in order to evaluate their degree of effectiveness and integrity, to enforce them with appropriate actions (voting, protest, reporting, denounce, etc.)?

Ostrom (1990) observes that in any institutional setting a second-order social dilemma may emerge concerning the identification of those actors will bear the cost of policing and

\textsuperscript{80} See Sberna and Vannucci (2013) for an analysis of radically changing responsiveness of electors to corruption scandals in Italy, where this positive and negative-feedbacks mechanisms between state and societal accountability plays a crucial role.
enforcing the “rules of the game” in the management of common resources.\textsuperscript{81} Common resources, in this case, are the rules prescribing to public agents not to enter in certain exchange relationship with potential corruptors. To monitor, choose and handling out any kind of (political, social, etc.) punishment is for most people a cost. The diffused monitoring and enforcing activity will therefore be avoided if possible at individual level, since it often comes too late (rarely it can restore the pre-corruption situation), while the collective benefits of punishment – the deterrence of rule-breaking behaviour – will be enjoyed by free-riders as well. All these factors tend to weaken material incentives, therefore relaxing individual commitment to monitor corruption. When individuals have to decide if and how much effort to devote to control and sanction their potentially corrupt agents and representatives, they may therefore “rationally” decide not to mobilize at all, or to reduce their effort to a socially sub-optimal level. Especially when “greed corruption” is involved – i.e., it is used to get advantages that citizens where otherwise not legally entitled to – a scarce societal response to corruption can be expected: “greed corruption does not necessarily motivate engagement against corruption. Greed corruption can produce moral indignation, but it may not motivate collective action. The influence of greed corruption on everyday life can remain almost invisible for extended time periods, since costs are divided and democratic institutions erode very slowly” (Bauhr and Nasiritousi 2011, 19).

\textit{Agents} operating within a certain public organization and participating to the same decision-making process face a similar collective-action problem. Any improvement within their organization following their successful anti-corruption monitoring will in fact benefit all those who belong to it, as well as the public. On the contrary, control, accusation and sanctioning (through both formal and informal means) are costly activities. They require time, effort, sometimes also psychological suffering, and may expose whistleblowers to both legal – if the indicted agent is finally judged innocent, or pay a bribe to buy his way out of the judicial proceeding – and extra-legal reprisal from corrupt agents, those denounced and those still operating “under the table”. In the individual evaluation of the relative costs and advantages of denounce/sanctioning, passive coexistence or personal involvement within the network of corrupt agents, the collective action dilemma may end in discouraging the first strategy, making collusive strategies against the public interests increasingly attractive.

\textsuperscript{81} Buchanan (1975) describes a similar “punishment dilemma” in general terms.
Finally, a collective action problem exists also when several actors – i.e. potential corruptors – interact with public agents, some of them secretly arranging corrupt contractual agreements. “Clients” who “smell” that something irregular is going on could expose their competitors’ and public agents’ corruption, contributing to its legal prosecution, and also to its informal enforcement (through reputational sanctions and social stigma, etc.). Also in this context the collective advantages of a regular public decision-making would benefit all clients (and the public interest as well), with the inclusion of free-riders. On the contrary, the costs and risks (possibility of counter-denounce, time and effort required, breach of personal ties, etc.) would be entirely borne by the “whistleblower”. Alternative strategies are available, often more profitable: connivance with corruption (i.e., free-riding with respect of the common good of rules-fulfilling), but also entrance into a collusive agreement with other corruptors.

As above explained, informal mechanisms of corruption enforcement – i.e. societal accountability – may be hampered by a second-order social action problem. At individual level, the expected collective benefit of law enforcement – as a public good – can be overcome by its expected individually borne drawbacks. Another factor can contribute, however, to fade societal accountability as a mean to detect and enforce corruption: the existence and robustness of hidden governance mechanisms of corrupt exchange. Formal institutions stating that corruption is an illegal and socially blameable conduct in fact coexist with other conflicting, set of “rules of the game”: the informal institutions of corruption, with their apparatus of first (i.e. moral benefits), second and third-part enforcement mechanisms (hidden accountability). Which rules will be followed by which agents, and under which conditions, is an open question here.

Even if not explicitly codified, informal constraints and non-legal sanctions applied by actors – individuals and organizations – operating within the domain of the corrupt networks may become a strong deterrent to any involvement in the reporting and social mobilization against corruption. The stronger the hidden accountability mechanisms, and the convergent beliefs of actors involved that corruption is to be expected as a widespread and “regulated” practice, the higher the costs suffered by those who try to oppose and denounce to it: “the fear of repercussions – together with a feeling of being part of a vicious circle of corruption that
nobody alone can afford to break out – seem to be the main motivation for not reporting and actively challenging corruption” (Perrson, Rothstein and Teorell 2012, 461).

Those who report or oppose to illegal activities, in a context of effectively enforced corruption, will in fact be exposed to a risk of punishment. In some cases, enforcement of the “rule of the game” in corruption will be provided by specialized guarantors – individuals and organizations – with a range of sanctions, from mobbing to banishment, from sacking to intimidation and – in the worst case – physical intimidation or elimination. When mutual expectations of all relevant agents’ converge towards the shared belief that corruption is the commonly recognized, unavoidable practice, then the institutions of corruption rule, largely dismantling both state and societal accountability. As the practice of corruption become rampant, what is severely punished by non-legal enforcers is integrity and whistle blowing, i.e. those activities that could create uncertainty on rights at stake in the corrupt exchanges. In other words, the stronger the hidden accountability of actors involved in corruption, the weaker the mechanisms of state and societal accountability. In formal terms:

$$Ah\rightarrow-(Ast,Aso)$$

To sum up: a collective action problem underlies the effective implementation of societal accountability mechanisms, be it multilateral or organizational, which should deter and expose hidden exchanges, further worsened by the operation of informal institutions of corruption. This “horizontal” and extra-legal perspective – which complement the “vertical” and formal dimension implicit in the principal-agent approach – may also provide some hints on anticorruption tools and strategies. Anticorruption policies should create conditions favourable to the development of trust and reciprocity among citizens, public agents and clients who have the capability to associate and mobilize in a collective action aimed at encouraging whistle-blowing, exposing and enforcing anti-corruption rules. At the same time, policies should dismantle trust and protection supplier – i.e. the “bad social capital” – which are the connective tissue of corruption networks (della Porta 2000). Under certain conditions, value, social norms and enforcement mechanisms will develop which make individual and collective action, i.e. mobilization aimed at controlling and sanctioning corruption, more likely and rewarding. What is required is an analysis of the social conditions which, within different “social circles of recognition” and groups boundaries, shape along time the ethical willingness
and individual incentives to mobilize in a collective action – or to act individually – to denounce and/or punish corrupt acts. A revisited conception of normative barrier can highlight these dynamics.

**Normative barriers against corruption**

Ethical standards matter in corruption. They are a leading forces that can push a corrupt public or private agent (not) to violate legal norms. Taken as a relevant explanatory factor, they have been labeled in different ways in the literature on corruption: *moral costs* in economic theory, *cultural norms* in comparative politics, *professional standards* in constructivist perspectives, *informal constraints* in neo-institutional theory. In this section, we shall analyze them s normative barriers, focusing on the role that the role of “social circles” and enlarged reproduction of certain illicit norms plays in the governance of corruption.

The diffusion of corruption is not simply a matter of interests more or less rationally converted into individual calculation. Also *passions* have to be considered, since ethical preferences and values *matter* in corruption. As Elster observes: “Although it is hard to prove, I believe that a variation in corruption across countries is explained largely by the degree of public-spiritedness of their officials, not by the cleverness of institutional design” (Elster 1989a, 158). According to Pizzorno (1992), the average degree of “sense of the state” of public officials and politicians is a crucial variable, perhaps the most relevant factor in the explanation of variations in corruption across countries and along time.

Generally speaking, any theory of normative barriers has to explain under which conditions agent’s preferences on the outcomes of his actions (in the exercise of a delegated power, or as potential corruptors) tend to overlap, are homogeneous or coherent with purposes embodied by state procedures and rules. In countries, organizations and exchange relationships where agents exhibits stronger normative barriers there is trust that a correct and effective exercise of the decision-making power delegated to the agent will not be misused or deceived – even without implementing strict controls. On the contrary, lower normative barriers encourage defection from their contractual and procedural constraints, therefore
promoting distrust towards agents, which can be counterbalanced by a strengthening of public supervision, i.e. state-backed enforcement mechanisms.

Developed within rational choice approaches, the notion of moral costs implies that individuals are able to manage “rationally” a trade-off between different interests (“ethical”/second-order versus “material”/first-order preferences, for instance) and consequently maximize their utility. Expressing moral preferences as a cost is functional to formal economic modeling of purposeful corruption choices. The implicit assumption is that a same numéraire can be used by an agent to weight – as a constant unit of account – both the measure of worth of the expected proceeds of corrupt exchange and the loss of utility caused by moral discomfort. Ethical preferences are therefore converted into a monetary unit, since moral cost is just a component (among others) of the individual calculation about whether or not to engage in corruption. This approach is also coherent with the neoliberalist paradigm, considering any value negotiable as such, since potentially object of bargain – akin to a merchandise – along an unique and presumably “objective” scale, based on the market price of the corresponding resources.

In our perspective, on the contrary, ethical preferences imply that the individual’s evaluation of any conceivable action – and even more clearly when they are stigmatized as corrupt within a certain society – can be expressed only in a framework of mutually recognized values, i.e. in an inter-subjective dimension. Unlike moral costs, the concept of interiorized normative barriers reflect individuals’ preferences, slowly developed through a socialization process and the intergenerational transmission of norms, values, principles. When normatively oriented, agents do not evaluate the “economic cost” of an infringements of their interiorized normative standard, which are shared and recognized as valuable within their relevant social circles. There is no calculus as such, since that kind of behavior is simply not acceptable, as dictated by a “second-order” preference for monetary rewards within a lexicographic ordering where their moral character – sanctioning the refusal of any corrupt practices – is established by “first-order” preferences.

A notion of moral cost as exogenously given preferences is, implicitly or explicitly, challenged also by comparative approaches that stress how several mechanisms can induce variations in values and cultures, not only among different individuals, but also across groups,
social contexts, states and historical periods. The “average distribution” of moral costs may vary along time, normally in slow-moving process, as a cultural heritage (Pierson 2004). Variations in normative barriers could therefore explain different individual responses to similar opportunities for corruption. Even when comparable institutional frameworks produce analogous structures of incentives, the diffusion of political corruption may vary – even significantly, as Transparency International Corruption Perception Index seems to show – due to the average moral attitudes among the citizens, entrepreneurs, public agents. Among others, the robustness and other properties of social capital, civicness, political culture, amoral familism, religious beliefs have been considered in the literature as macro-variables having a direct effect on the average structure of “ethical preferences” of actors potentially involved in corrupt deals.82

Taking normative barriers as a sort of psychological aversion to the betrayal of public trust, i.e. as a first-party enforcement mechanisms of rules against corruption, we can single out some factors that through social interaction influence their strength and evolution. In other words, we have to look closer to the processes that – under certain conditions – make individual preferences and values adapt to prevailing beliefs and expectations about the reality of corruption. When socially transmitted and enforced values are coherent with state-backed rules and procedures, corruption will be collectively labelled and individually experienced as a blameable activity; vice versa, it will be taken as a “normal” or justifiable activity when shared and convergent expectations on its unavoidability or “normality tend to prevail”, socialization on its daily practice is set in motion, etc..

In the literature on corruption normative barriers/moral costs are a neglected variable– even when they are taken as a variable, and not as a parameter exogenously given.83 Hirschman (1982) formulated a theoretical hypothesis on factors shaping normative barriers

82 When looking for cultural norms and values framing the choices of individuals belonging to different societies and organizations, a first observation, fuelled by comparative analysis, often points to religion as a determinant. Several studies have found, for instance, a statistically significant correlation between the diffusion of hierarchical forms of religion (Catholicism, Eastern Orthodoxy and Islam) and corruption (La Porta et al. 1997; 1999; Treisman 2000, Paldam 2001).

83 An underling hypothesis is that moral costs are either constant, a sort of “fixed cost” of corruption, or increase as the size of the bribe increases (Rose-Ackerman 1978: 121). Alam (1990) adopt an analogous concept of “aversion to corruption”, defined as the value of the marginal utility of corruption payoff relative to that of a legal activities.
along time, emphasizing how the incidence of corruption depends not only on institutional opportunities, but also on “public morality” or “public spirit”, i.e. on how many individuals within a certain society are corruption-prone or corruption adverse. The evolution of public ethics standards among citizen and public officials may reflect generalized disappointment after cycles of strong involvement in public affairs and collective action:

Corruption can thus be viewed as a response to a change in tastes: losses in satisfaction that is yielded by action in public interest are made up by material gains. But ordinarily the process is not one of small variations in individual preferences, This is so because the practice of corruption has a further, powerful effect on the public-private preferences. If I act this way, o the erstwhile public citizen will argue in order to justify his corrupt actions to himself (Hirschman 1982, 124).

When the diffusion of values oriented towards the pursuit of private welfare follow an intense but unsatisfactory mobilization centred on public issues, the “moral barriers” against the application of the same logic to the management of public affairs are inexorably lowered. A shift in the balance between the “public versus public oriented” preferences of agents – generated by discontent – is the premise for a diffusion of corruption. In turn, when such practices become a dominant feature of public life, the “bad example” contribute to this “value shift” lowering normative barriers: “corruption, which is at first a response to dissatisfaction with public affairs becomes a determinant of further, more profound dissatisfaction which in turn sets the stage for more corruption. At the end of the process the public spirit is driven out altogether” (Hirschman 1982, 124-125).

In fact, the structure of values underlying the so-called neo-liberal paradigm – dominant since 1980s’ in western democracies economic and social policy-making, after the cycle of collective mobilization of the 1960s and 1970s – may have produced a similar result. It is not just the corresponding regulative framework, or better the de-regulative policy approach underlying neoliberalist policies, which may be corruption-enhancing: “in an attempt to reduce certain kinds of government interventions in the economy, it encourages or provide space for a number of mutual interferences between the government and private firms, many of which raise serious problems for both the free market and the probity of public institutions” (Crouch 2011, 93). The glorification of “greed” as petrol fuelling the self-regulating gears of markets –
coherently with a naïve expression of the neoliberalist creed – has been exemplified by the fictional character Gordon Gekko, the cynical trader of “Wall Street” movie, in a often quoted speech:

The point is, ladies and gentleman, that greed, for lack of a better word, is good. Greed is right, greed works. Greed clarifies, cuts through, and captures the essence of the evolutionary spirit. 84

Clearly, amoral neoliberalism as “a cynical ideology according to which profits have to be maximized at all costs” defines a structure of values conflicting with any conceivable notion of public ethics and public spiritedness (della Porta 2013). Mény (2000, 213) observes that “corruption is thus more likely to spread in cases where the ‘immune defence systems’ of the group tend to weaken and the ‘moral cost’ drops; as will occur when public behaviour is less prized than private, when producing results comes to matter more than observing standards, monetary values more than ethical or symbolic values”.

When shared and transmitted through socialization, amoral conceptions and practices of capitalism may bring to the application of a similar “market fundamentalism” (Stiglitz 2012) also in the relationship between private and public agents. Since corruption in a democratic decision-making implies precisely the substitution of a demand-supply logic to the universalistic principles of the rule of law, we may expect that amoral neoliberalism as an internalized set of values produces a twofold effect. First, it weakens normative barriers against corruption, especially when accompanying the disappointment which follows public engagement cycles, according to the Hirschman’s hypothesis. Secondly, being involved in corrupt practices, i.e. applying a market logic within a “bureaucratic” and “state-centred” environment, may produce within circles of agents involved in illicit acts a self-legitimizing stance, therefore reversing into some sort of moral benefit the practice of corruption itself.

According to Pizzorno (1992) a crucial variable shaping moral costs (or benefits) of corruption is the nature of ethical values and criteria for moral judgement which are currently

applied within certain social groups, organizations, “circles of moral recognition” modelling along time the individuals’ “ethical preferences”. Specifically, a category of political actors vulnerable to corruption are “business politicians” (della Porta 1992), as well as other bureaucratic and economic agents who originate from or are socialized within groups not fostering the respect of law and legal procedures as a value in itself. Business politicians can be described as "homines novi" – literally new men – whose entry into politics from the Roman Republic onwards is considered to have raised the tolerance threshold for deviation from established norms and customs.85

Pizzorno (1992: 45) has suggested that the "homines novi" are more susceptible to participation in corruption because of lower moral costs of behaving illegally:

“entering politics, the 'new men' tend to break with what still binds them to their roots or, leaving aside metaphors, to detach themselves from the reference groups in which they were socialized. Politicians who belong to the socially dominant classes and have been socialized in reference groups whose morality is the same as that of legal authority, on the other hand, continue to view their actions as being judged and rewarded according to the criteria of those groups and therefore conform to their norms”.

Monetary and political rewards gained through corruption, in fact, can be enjoyed in a socially and personal satisfying manner only if this does not lead to stigmatization by an individual's reference groups, i.e. those groups whose members’ judgments really matter for the individual. For an individual, in fact, “the moral cost is lower the more ephemeral appear to him those circles of moral recognition that offer positive criteria for the respect of the law” (Pizzorno 1992: 46). Individuals will incur in a psychological suffering when in both their own (and their peers’) perspectives corrupt behavior involves a violation of values – such as “public service oriented” ethics – which are internalized.86 Typically, the internalization of

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85 According to Banfield and Wilson (1967), for instance, in American cities the greater propensity of newcomers to involvement in political corruption can be explained by the need of new entrepreneurs and political bosses to break into a world which tends to exclude them. Once they have "arrived", these same social groups become defenders of the new order.

86 The diffusion of corruption, like other white collar crime, can be explained with reference to work-related subcultures providing a specialized “reality construction” on the basis of ideological commitment or work concerns (Holzner 1972: 95). Work-related subcultures “tend to isolate their members from the mainstream of social life (…). Because of this isolation, work-related subcultures are often able to maintain a definition of
norms depends also on so-called *pride in one’s position* and the prestige of public service: the more public roles are socially rewarded in the public consideration, the less desirable it becomes to violate official procedures and norms – since it implies the risk of a costly exit from those social circles.

The congruence between *legal rules* regulating public agents’ conduct and the *informal norms* which shape the value structure of social groups – politicians, entrepreneurs, functionaries, professionals, etc. – is therefore a key variable. Higher consistency between them makes first-party (the internalized sense of guilt, expressed by normative barriers) and second-party (ostracism, social stigma, etc.) enforcement mechanisms constraining. The activation of “virtuous” or “vicious” circles above described between state and societal accountability in turn influence the strength of normative barriers:

$$ \text{[Ast} \leftrightarrow \text{Aso]} \rightarrow \text{N} $$

The (divergent) contents and the degree of institutionalization of informal constraints which de-facto regulate public agent’s activity – and their private counterparts’ – come here into play. But informal norms can generate a structure of incentives going – as we have seen – both ways. They can support legal rules against corruption, as well as an alternative sets of non-written codes of conduct and “values” justifying and disciplining it. Far from anomic behaviour, corruption emerges as endemic, i.e. well-regulated.

**Hidden accountability and the neutralization of normative barriers against corruption**

An increased diffusion of corruption and a more effective “governance” of corrupt deals tend to weakens normative barriers, especially when a growing number of politicians and businessmen internalize new codes of behavior, according to which bribe-taking and giving is the supported norm. The emergence of extra-legal norms regulating such activities in fact provides a powerful mechanisms which simplify the socialization process, lowering transaction costs in corrupt deals and sustaining individual “rationalization” and self-

certain criminal activities as acceptable or even required behavior, when they are clearly condemned by society as a whole” (Coleman 1987: 422-23).
justification. An informal *situational morality* – an “universe of meaning” generated through regular interaction with other corrupt agents – may prevail in the conflict with the categorical code of law. Corrupt acts are then individually re-frames as justifiable on the basis of either results (they are necessitated by own conception of duty, or presumably lack harmful consequences) or conformity: “The essential argument here is that common behaviour within a group cannot reasonably be considered deviant – i.e. if everybody does it, it cannot be wrong” (Chibnall and Saunders 1977, 143)

When expectations converge in considering corruption a normal and ordinary practice, for instance, it is no longer worth engaging in the (psychologically disturbing as well as dangerous) activity of finding out whether or not it is really necessary to pay or accept a bribe in a specific case. Routines simplify the choice of corruption, at the same time they create a legitimizing frame which tends to neutralize its (im)moral implications. 87 Socialization in illegal practices also plays a crucial role here, not only because “criminal behavior is learned in interaction with other persons in a process of communication” (Sutherland and Cressey 1974: 75), but also because any moral resistance against involvement in crime is correspondingly weakened, due to socialization to the extra-legal rules of corruption, especially when a self-legitimization process is fostered by to the fear of (corrupt) peers’ hostile judgments or reprisal. 88 Political parties and business association, as well as other collective actors, may become loci of socialization to the knowledge of norms, practices and skills required in corruption. “He approached me in a perfectly normal way and asked for a ‘contribution for the organization’, giving me the impression that it was an obligation and the usual practice” (Carlucci 1992: 83) – this is how an entrepreneur explains why he decided to comply without any discomfort with the rule of corruption. With the words of a doctor prosecuted for having taken bribes: “I was socialized and grew up in an environment that also used to teach corruption. (…). Anybody who has a true knowledge of that environment would be able to, I would not say justify me, but at least understand me (“la Repubblica”, February 6, 2003).

87 As Elster (1989b, 134) observes, often, informal norms “are individually useful in that they help people to economize on decision costs. A simple mechanical decision rule may, on the whole and in the long run, have better consequences for the individual than the fine-tuned search for optimal decision”.

88 Party organizations where illicit financing are currently reinvested, for instance, may provide socialization mechanisms to the rules of the (illegal) game. Politicians already "introduced" to the rules of the illegal market initiate others in their turn (della Porta and Vannucci 2012).
We may formulate a general hypothesis on the influence of hidden accountability – reflecting the degree of informal institutionalization of corruption practices – on moral costs. Shared beliefs about the tacit rules which govern corrupt interactions with other players reinforce such invisible institutional frameworks which shapes individual beliefs. In this perspective the stronger, more lasting and institutionalized the governance structures guaranteeing the extra-legal norms that regulate corrupt dealings are, the lower the normative barriers of corruption will be.

As an entrepreneur puts it, after being socialized to the unavoidable rules of corruption ("a booklet where all the ‘obligations’ and bribe payment dates of the company were recorded. A list of names and sums; an inheritance which had to be respected to the letter"), the effect on his perception of the nature of the issue was straightforward: “Illegality was so legalized that I didn’t feel I was perpetrating a criminal act” ("Panorama", April 16, 1994: 86, emphasis added).

Under these conditions, at least two distinct mechanisms tend to undermine the moral barriers against corruption:

(a) a generalized weakening of the “sense of the state”, that is the civic virtues and public spiritedness in society, due to their – spontaneous and intentional – substitution with alternative set of values, more homogeneous with the prevailing norms of conduct that encourage or justify corruption. A similar process is described by Tocqueville (2002, 202-203):

As the rulers of democratic nations are almost always suspected of dishonorable conduct, they in some measure lend the authority of the government to the base practices of which they are accused. They thus afford dangerous examples, which discourage the struggles of virtuous independence and cloak with authority the secret designs of wickedness. (…) Besides, what is to be feared is not so much the immorality of the great as the fact that immorality may lead to greatness. In a democracy private citizens see a man of their own rank in life who rises from that obscure position in a few years to riches and power; the spectacle excites their surprise and their envy, and they are led to inquire how the person who was yesterday their equal is today their ruler. To attribute his rise to his talents or his virtues is unpleasant, for it is tacitly
to acknowledge that they are themselves less virtuous or less talented than he was. They are therefore led, and often rightly, to impute his success mainly to some of his vices; and an odious connection is thus formed between the ideas of turpitude and power, unworthiness and success, utility and dishonor.

(b) a process of adverse selection, which induces the gradual exit from crucial areas of the political, administrative and economic system of individuals with stronger moral resistance against corruption, at the same time attracting less honest ones. An “higher density” of agents having lower moral costs reduces also the transaction costs of corruption, since it diminishes the risks during the identification of reliable partners, and therefore the possibility of prosecution. At the same time, the more frequent interaction between corrupt agents tends to strengthen social circles of social recognition not hostile to corruption – if not directly encouraging it – within parties, bureaucracies, agencies, firms.

In formal terms:

\[ A_h \rightarrow -N \]

As North (2005: 49) observes:

There is an intimate relationship between belief systems and the institutional framework. Belief systems embody the internal representation of the human landscape. Institutions are the structure that humans impose on that landscape in order to produce the desired outcome. Belief systems therefore are the internal representation and institutions the external manifestation of that representation.

In such representation, the informal institutions of corruption – a “desired outcome” for corrupt agents – are internalized as individual beliefs and consequently become intimate part of actors’ moral character. Corruption as a practice may therefore become a well regulated system: (immoral) norms deteriorate normative barriers as well as the perception of acting against public values embodied by the respect of law. On the contrary, high normative barriers could render anti-corruption norms “self-enforcing” independently of expected sanctions and the risks of legal prosecutions, guaranteeing a higher degree of integrity among public and private agents.
The “moral benefits” of corruption

Various interrelated socialization and enforcing mechanisms may make corrupt agreements easier lowering ethical aversion, which would otherwise increase for actors involved in the deal the risk of being cheated or denounced. When partners share similar internalized norms, the probability of a successful conclusion of a corrupt exchange increases.

Moral benefits of corruption can be conceived as “the dark side” of moral costs. They may emerge if a “moral attitude” relates not to integrity in public affairs, but to “integrity” in corruption affairs. When some kind of “psychological suffering” is associated with not entering the illegal deal, or not fulfilling the terms of the corrupt exchange – i.e. cheating the corrupt partner’s trust – then a first-party internalized mechanism of enforcement enters into operation, sanctioning illicit deals.

As we have seen, a facilitating factor for corrupt activities is the involvement of relatively homogeneous agents, embedded in shared customs, social norms, religious and ethnic identities, ideological and cultural values (opposed, or at least autonomous, from those embodied in the respect of state norms), supporting expectations of reciprocal implementation in corrupt dealings. The endogenous rules of the “corruption game” rely in such cases on the negative feelings associated with the betrayal of internalized codes of behavior – sanctioned by a sense of common identity – prescribing also “trustworthiness” towards partners in corrupt transactions.

The same factors examined in the previous section – the influence of “social circles” not supporting the respect of law, the socialization to the informal norms of corruption, etc. – may therefore weaken normative barriers against corruption up to a threshold that it reverts into a mirror-like moral benefit, associated with the involvement and the fulfillment of the terms of the corruption contract. The higher the moral benefit of corruption, the less inclined an agent will be to refuse, cheat or denounce partners in corrupt exchanges, since the fulfillment of the “norms of corruption” has assumed an “ethical” value in itself.
Moral benefit of corruption are inversely proportional to civicness – that is, the degree of individuals’ internalization of the concept of rule of law. As observed by Pizzorno (1992: 66-68), the notion of public ethics has not to be confused with political ethic (sense of politics) and state ethic (sense of the state). The political ethic privileges, in political activity, long-term ends, referring to collectivities that do not necessarily coincide with the state territory (classes, ethnic or religious groups etc.). Those with a “sense of the state” instead perceive institutions as oriented towards the public good of the community in itself, defined within state borders. When political ethic as an autonomous source of loyalty towards a political subject – i.e. the party – prevails over loyalty to the state, the development of a sense of respect for the law is thus jeopardized. As Johnston observes, the very notion of corruption relates to “the rise of a ‘system of public order’: a relatively durable framework of social and legal standards defining practical limits of behavior by holders of government roles, and by those who seek to influence them” (Johnston 1994: 11). If this system is not supported by an internalized public ethics and is challenged by a potentially alternative source of loyalty – as a “political ethics”, for instance – the practice of corruption can be not only accepted, but also considered as a “good” in itself, since it is functional to the pursuit of some superior purposes.

Similarly, among private agents and entrepreneurs corruption might be condoned and encouraged – up to the point to produce some kind of moral benefit – by the adhesion to a neoliberalist ideology blaming state regulation and public interventionism to the advantage of a free-market (illegal market, if necessary) approach to opportunities for profit. The identification with alternative source of loyalty among private agents – the “superior good” of one’s firm and economic enterprise success, for instance – may provide a powerful psychologically legitimizing argument which may finally convert into a perceived benefit the opportunity for corruption itself.

Corruption in fact is often socially and self-justified in the name of some “greater good”. Politicians may stress their "efficient" image as public administrators, a self-representation which offers a moral argument in favor of corruption. As a politician puts it: “Securing investment, even through corruption, served the interests of the population and contributed to the prosperity of the city. Paris was worth a heap, and public works were worth a bit of bribery even if by doing so the system was perpetuated. (…) That's the way it is. Otherwise we have no public works, no employment and no help for the less well-off” (Licandro and Varano 270.
1993: 71). Similarly, entrepreneurs may derive a moral benefit from breaking the law when this violation is coherent with a higher ethical obligation towards his firm. One of them defines this moral stance justifying corruption as the “etich of responsibility an entrepreneur has towards his firm and employees” (“L'Espresso”, June 21, 1992: 31), or in other words the responsibility “for keeping a firm with a thousand employees going” (Tribunal of Milan 1983: 15).\(^{89}\) Also the case study of a German corporation, for instance, show that “corrupt practices were an integrated feature of Siemens’ business dealings in different divisions. Within these divisions, the custom of bribery was probably regarded as useful, even as ‘business conduct necessary for survival’, in relation to certain commercial activities. Thus, there is a good reason to assume that the company’s organizational culture legitimized a reasonable pricing of corruption risks into the common fees for doing business in highly competitive markets” (Klinkhammer 2013, 203).

**Crossing the lines: four models of corruption**

The conceptual framework sketched above can be translated into four different “models of corruption”, as a result of the crossing of two lines:

(i) a vertical axis implicit in the principal-agent representation, with its focus on the relative effectiveness of formal rules, contractual proviso and enforcement mechanisms to countervail the incentives to collusion in the relationship between agent and corruptor, due to information asymmetries within the public organization;

(ii) an horizontal axis, that relates to the set of social variables which may encourage or weaken collective action, positive recognition of the value of law, interiorized adhesion to public ethics, or vice-versa strengthen the internal regulation – i.e. the extra-legal institutions – of corrupt deals.

\(^{89}\) According to Sutherland (1983), the ideal businessman, as the professional thief, often commits crimes and violations which are not stigmatized within his peer group. Differently from the professional thief, the businessman defines himself as an “honest man”. Corruption, for instance, is an illegal act closely related to activities which are legal and considered socially positive. On those aspects of firms’ organization that favour law-breaking on the part of businessmen and other "white-collars" crimes, see Leonard and Weber (1978).
The horizontal axis is the privileged environment for the application of rational calculus, modeling the agent’s and corruptor’s choice as addressed by variables which mirror the structure of incentives generated by formal rules and accountability mechanisms. To simplify, we have singled out two cases along a continuum: the existence of effective/ineffective formal institution and corresponding enforcement mechanisms. Effectiveness can be assessed in terms of strong/weak incentives to comply with formal regulation prohibiting hidden exchanges with corruptors.

When we enter the realm of societal and hidden accountability, however, the horizontal dimension of social circles and collective action enters into play, and the set of variables to be taken into consideration enlarge to the informal dimension of mutual recognition and transmission of interiorized values, cultural norms favoring participation, collective action in favor of public interests, etc.. According to the theoretical hypotheses outlined in the previous sections, normative barriers or moral costs (to be more precise “net moral costs”, i.e. N-MB) can be considered as a sort of final distilled of the conjoint effect of several extra-legal institutions on individual beliefs and preferences, which are shaped by such variables in a slow-moving social process. In other terms, we can assume that a socio-cultural environment where informal rules are more or less “corruption-enhancing” can be described – in drastically simplified terms – as populated by agents having (on average) lower or higher social and normative barriers against corruption. Such barriers are in fact strictly related (on average) to the degree of institutionalization of the non-written rules which create both societal and hidden accountability mechanisms, i.e. their capability to model both beliefs and preferences of actors involved in corruption deals, and having the power and the possibility to socially sanction them.

90 Similarly, Mungiu-Pippidi (2012, 8-9) observes that normative constraints against corruption can be described through different distinctive components: “A prevailing societal norm of ethical universalism and integrity: let us call this civic capital. A widespread practice of engaging in formal or informal collective action around shared interests, purposes and values; let us call this, following Robert Putnam, social capital. A dense network of voluntary associations (among which NGOs in the Western understanding of the term, but also unions, religious groups, etc.), civil society. A sustained participation and political engagement of the public opinion, for instance through media or social movements, civic culture.

91 We focus here on the macro-to-micro transition, but obviously preferences and beliefs, in turn, address along time – in the Coleman’s (1990) micro to macro transition – individual choices responding to institutional incentives, along a path of incremental change of the informal norms regulating (with a more or less discouraging/encouraging influence) corrupt exchanges.
Obviously, the formal and informal dimensions of corruption – represented by the vertical and the horizontal axis in our simplified scheme – influence each other through many complex and co-evolving mechanisms.\footnote{See della Porta and Vannucci (2012), especially chapter 9, for an analysis of the path-dependent dynamics of the extra-legal and formal “rules of the game” of corruption, fuelled by the interplay of individual’s beliefs, actions and institutional incentives.} For analytical purposes we will take them as if they could be treated separately (at least at a certain time and in a certain context) as describing the general “institutional environment” where corruption may take place.

In table 4 we propose a four-cases analysis of dissimilar “institutional conditions” shaping the environment in which potentially corrupt agents operate. It could be applied, ceteris paribus, at different levels, from a specific decision-making process to an organization, up to a state as a whole, in which individual choices respond to similar incentives and motivations. Which context is relevant depends upon the answer to a question: to which extent are (i) formal regulation and enforcement mechanisms; (ii) informal rules and social/interiorized accountability mechanisms effective in providing agents a structure of beliefs and incentives addressing their choices towards integrity (versus corruption)?

When social and moral barriers against corruption are relatively high – due, for instance, to strong anticorruption collective mobilization and integrity-promoting standards of conduct within public organization – but the capability of state regulation to detect and sanction illegal deals is scarce (case 1) an \textit{irregular} or \textit{intermittent} diffusion of corruption may emerge. Agents in this case are subject to a significant, enduring “temptation” of potential gains from illegal deals, from which they are generally oriented to resist, consistently with the social and individual structure of values and beliefs. However, some of them – having weaker “public interest” oriented motivation – can be occasionally involved in such illegal activities, when they meet other agents having similar preferences and trust develops making them reliable partners to each other. The successful and unpunished payoffs obtained – in terms of illicit profits with almost no risk – may therefore attract few other agents within this “gray area” of willingness to accept corrupt deals. As a consequence, sometimes, in certain areas of public activity, single or small cliques of corrupt agents practice or accepts other’s corrupt exchanges, which will be constrained by the fear to be denounced or blamed by honest colleagues. Occasional and time-by-time corruption, with the involvement of a limited amount
of agents, more or less homogeneously diffused in different areas and sectors of public activity, will be the corresponding outcome.

The most virtuous and transparency-enhancing conditions (case 2) obtain when both formal institutions, social and normative barriers converge towards making illegal deals not attractive at all. In this case, in fact the rational calculus of monetary risks/costs and the combined influence of “social pressure”, informal organizational control and interiorized values discourages – on average – the individual adhesion to corruption. Even in the best case, when agents are positively oriented towards the fulfillment of “official rules” stating their duties towards their public “principal”, within a well-designed institutional framework, corruption can not be completely eradicated. Sporadically corrupt deals realize also in this “high-transparency” environment when by chance a public and a private agent meet having both low risk-aversion, weak moral barriers – due to their isolation from the socialization to the prevailing integrity standard of conduct in their business, political or administrative environment, for instance– and strong reciprocal trust ties. Corrupt exchanges, however, will be infrequent, confined to a very restricted number of bureaus and agents, without significant networking extension.

We enter in the realm of systemic corruption when low moral barriers and weak social controls against corruption are complemented by a substantial ineffectiveness of the legal system to constrain the individual and organizational involvement in illegal activities (case 3). In this context agents are de facto unrestrained in their incessant search for opportunities of illicit gains. When formal rules, accountability mechanisms and normative barriers have an impact almost nil on the individuals’ consideration of the expected adverse consequences of their involvement, the overall outcome is a rampant, unrestrained corruption. Consequently, corruption tends to develop stronger regulation and “governance structures” reducing the uncertainty on what corrupt agents can expect from each other. Among the distinguishing features of systemic corruption, in fact, three aspects can be singled out:

(a) all, or almost all activities within a certain organization having an economic value for private agents, or relevant for the interest of corrupt agents, are somehow related, in the worst case aimed, to the collection of bribes;
(b) all, or almost all, public agents in the organization are implicated in an invisible network, which is ordered by unwritten norms and a commonly understood allocation of tasks and roles. Their regulated activities include the collection of bribes and their distribution; the socialization of newcomers; isolation or banishment of reluctant agents; measures of camouflage and protection from external inquiries; the definition of internal rules and their enforcement;

(c) all, or almost all, private agents in contact with the organization know the ‘rules of the game’ and are willing to pay bribes in order to obtain the benefits allocated as a result.

When corruption is systemic, in other words:

“such acts become normalized, that is, become embedded in organizational structures and processes, internalized by organizational members as permissible and even desirable behavior, and passed on to successive generations of members. (...) There are three pillars that contribute to the normalization of corruption in an organization: 1) institutionalization, the process by which corrupt practices are enacted as a matter of routine, often without conscious thought about their propriety; (2) rationalization, the process by which individuals who engage in corrupt acts use socially constructed accounts to legitimate the acts in their own eyes; and (3) socialization, the process by which newcomers are taught to perform and accept the corrupt practices” (Ashford and Anand 2003, 3)

We may distinguish here between two cases, which will be analyzed more in detail in the next section. In systemic centripetal corruption an effective third-party enforcer monitor and enforce the respect of the (illegal) norms, guaranteeing the fulfillment of corruption contracts and – eventually – imposing sanctions on opportunistic agents and free-riders, therefore reducing transaction costs. The resulting high-corruption equilibrium, in other words, is generally more strong and stable – even if a crisis of enforcement potential of the guarantor may produce its sudden collapse.
In systemic *centrifugal* corruption there is no dominant enforcer available or willing to provide such services. The informal codes regulating corruption activities are sometimes self-enforced, on reputational basis and de-centralized enforcement mechanisms, for instance banning unreliable partners from future interactions. A plurality of actors may also compete or alternate trying to supply protection in corrupt exchanges – in a polycentric model. As a consequence, the equilibria of centrifugal corruption are somehow less robust – even if sometimes more easily adaptable to challenges of a change in external conditions.

Finally, a fourth case is exemplified by agents having on average low social and normative barriers, who nevertheless feel to be constrained due to the operation of the machinery of effective state regulation and sanctions (case 4). A significant quote of agents seek actively opportunities for illicit gain, and when some of them find favorable conditions within a certain decision-making process, in the interstices of the legal apparatus, they naturally tend to enlarge the network of hidden exchanges to those who are considered willing and reliable. The involvement in corruption of several willing partners – colleagues, controllers, etc. – strengthen the protective barriers against external risks of formal sanctions, therefore making corruption a dominant strategy within the corresponding circumscribed areas of public activities. Similar to spots in the leopard skin, *macular* corruption flourishes in restricted and isolated contexts, where nevertheless it tends to become pervasive, persistent, deep-rooted: it becomes *locally systemic*, so to say.

<table>
<thead>
<tr>
<th>Table 4: Institutional matrix shaping the agents’ choices:</th>
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<tr>
<td><strong>Normative barriers and societal mechanisms of control</strong></td>
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<tr>
<td>High moral and social barriers against corruption</td>
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<tr>
<td>1. IRREGULAR/INTERMITTENT CORRUPTION</td>
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<tr>
<td>Temptation-resisting agents</td>
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<tr>
<td>2. SPORADIC CORRUPTION Official rules-oriented agents</td>
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<tr>
<td>Low moral and</td>
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<tr>
<td>3. SYSTEMIC CORRUPTION</td>
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<tr>
<td>4. MACULAR</td>
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Centripetal versus centrifugal corruption

Transaction costs are the costs of “establishing and maintaining property rights” (Allen 1999: 898): they tend to be higher in the market for corrupt exchanges due to its illegality – exposing to the twofold risks of legal prosecution and cheating from partners in bribery.93 Two informal governance settings which may emerge in this uncertain environment and reduce the transaction costs of corruption will be analyzed in this section, focusing on actors involved in their operation.

There a vulnerable nexus linking the agent and the client-briber in their hidden exchange. “Locked” into an illegal contractual relationship, they cannot rely on formal rules, procedures and enforcement mechanisms to control and sanction reciprocal fulfilment. As we have shown, here come into play the extra-legal, informal institutions of corruption, the governance structures which may regulate corrupt exchanges. When these hidden accountability mechanisms are effective uncertainty among partners is reduced, their exchange relationships are more stable, reciprocal trust and fear of adverse consequences discourages fraud, cheating and other forms of “misbehaviour”. In systemic corruption, thereafter, “the illicit becomes the norm and [...] corruption so common and institutionalized that those behaving illegally are rewarded and those continuing to accept the older norms penalized” (Caiden and Caiden 1977: 306).

In section 4 we provided a classification (see table 3) of first, second and third party enforcement mechanisms operating behind the scenes in the hidden order of corruption. Their relative effectiveness as “coordination devices” and sanctioning tools within a certain network

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93 Property rights can in fact be seen as the capability or power to actually exercise choices over some resource (good or service), disposing of it – through exchange, consumption, etc. – according to one’s will (Barzel 1989). When such resources are acquired by illicit means, as in the case of corruption, their exchange and allocation cannot be sanctioned through formal legal mechanisms and transaction costs consequently increase. Therefore, a demand for protection and enforcement tend to emerge.
of corrupt actors depends on several factors, both *external* (for example, the probability of being prosecuted and punished by the police and judiciary apparatus, etc.) and *internal* to the corrupt exchange. Among the latter, particularly relevant are the number of agents involved or interested to the decision-making process, the amount of resources at stake, the frequency and expected time-length of the relationship between briber and bribee.\(^{94}\)

Based on the correspondence between the scale of diffusion of systemic corruption and the relative robustness of its internal governance mechanisms, we may observe two dynamics within networks of hidden exchanges: (1) *centrifugal* and (2) *centripetal*.

(1) In *centrifugal* corruption hidden transactions are regulated mainly by first and second-party mechanisms, based on reciprocity norms, reputation and self-enforcement, sometimes supplemented by some would-be – and scarcely effective – third-party guarantor. This “socially sanctioned” regulation of systemic corruption is more effective when the dimension of the network of actors involved in corruption and the amount of resources at stake are small enough. In this case, in fact, there are scarce incentives to defection, information circulate among current and future partners, tit-for-tat strategies based on conditional cooperation steadily prevail.

But disruptive tendencies appear when there is an enlargement of exchange to a wider set of participants, not effectively constrained by such reciprocity mechanisms, and the rents allocated through hidden exchanges increase (which implies a higher rate of returns for free-riders, i.e. stronger incentives to defection). In illegal markets, in other words, the general process described by Aoki (2001, 77) is even stronger: “when the domain of exchange expands, mechanisms of norms and self-enforcing contracts may not be able to perfectly monitor and penalize all possible violations of private ownership rights at a reasonable cost”. A centrifugal model of corruption, with unstable bonds and conflicting partners, is the result of an enlargement of scale and generalization of corrupt practices, without a leading and authoritative actor emerging as a third-party guarantor, when (i) information on previous performance do not circulate or is considered not reliable; (ii) competition to get corruption rents is unregulated and risks to collapse into open conflict. Hidden exchanges thereby are

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\(^{94}\) In della Porta and Vannucci (2012, 39) a typology of four corruption models is presented, crossing two variables: *amount of resources at stake*, and *frequency and expected duration of the exchange*. 278
constrained within an horizontal and fragmented structure, with an higher possibility of quarrels, reporting, exposure.

(2) In centripetal corruption the dynamics of interaction converge towards a commonly recognized centre of authority: an effective third-party guarantor, who has the authority, thanks to a mixture of enforcement capability and reputation, to adjudicate disputes among participants on their “property rights” at stake in the exchange, sanction illicit deals, protect from external intrusion of police or prosecutors.

Any growth in the scale of activity within the corrupt networks, in fact, involves a multiplication of specialized actors playing different roles – middlemen, cashers, recyclers, etc. – whose skills and trustworthiness are more difficult to measure and assess. In this context, the need to maintain a satisfactory degree of order and stability creates a demand for protection, since uncertainty surrounds monitoring and enforcing activities in illegal exchanges, increasing transaction costs (Lambsdorf 2007). Centripetal corruption realizes when some individual or collective actors – i.e. organizations like political parties, companies, mafia-like organization, private associations, Masonic lodge, etc. – play a crucial role in systemic corruption: they supply protection to parties involved, usually receiving as a price a quote of the rent collected through corruption. In this case the model of corruption is similar to what North defines as impersonal exchange with third-party enforcement:

Third-party enforcement is never ideal, never perfect, and the parties to exchange still devote immense resources to attempting to clientize exchange relationships. But neither self-enforcement by parties not trust can be completely successful (…). A coercive third party is essential” (North 1990: 35).

Third-party enforcement “requires, besides the power to enforce, the commitment to enforce and the ability to adjudicate. Enforcers tend to differ in their ability to adjudicate” (Barzel 2002: 25).
When an effective third-party enforcement mechanism is in operation, i.e. in centripetal corruption, more complex networks of exchange may develop, since both institutional incentives and social pressure encourage a basic acceptance of illegal deals. The nature and effectiveness of protection provided by guarantors depend on the resources available to them (related to their political-institutional role, their strategic position within a network, etc.), ranging from a more limited safeguard of fragile rights in illegal deals to a more general and wide-ranging guarantee against judicial controls or administrative inefficiency.

Table 5 offers a synthetic overview of the main differences between centripetal and centrifugal corruption. In the centripetal model we have a hierarchical/centralized structure of authority – the third-party enforcing actor/agency – using as enforcement resources public decision-making, ostracism or violence, with relatively “impartial” criteria and a long-time horizon for agents involved. These conditions imply a relative stability of the political and entrepreneurial environment (due to monopoly/oligopoly of markets or party cartelization, for instance).

In the centrifugal mode, instead, the structure of authority is polycentric or fragmented, based on reciprocity norms, social control or competing aspirant protectors, with reputational effects and individual exclusion from future exchanges as the crucial incentives to contractual fulfillment. Criteria for disputes resolution are rarely impartial, especially when more than one guarantor exerts extortive pressure towards agent having a limited time-horizon – generally due to a less stable political and economic environment.

Both model have mirror-like strengths and critical factors. The robust and “rigid” capability of the effective third-party authority – in the centripetal model – to regulate illicit deals on a larger scale, even among agents who meet for the first time and do not anticipate to stay in business again, is balanced by the risk of a sudden disintegration of the whole system, when the “guarantor” is somehow put “under attack” by judges or by some other would-be protector. This is exemplified by the sudden implosion of systemic corruption in Italy during the ‘90s, when main parties and party leader – traditionally acting as guarantors of illicit deals – were weakened by the successful judicial prosecution of “mani pulite” (della Porta and Vannucci 1999).
The resilience and capability of adaptation to external challenges of the centrifugal model – due to the relative autonomy of different sub-networks – is balanced by the increased uncertainty which may undermine exchange relationships, especially when the growth of the network and the increase of the resources at stake create for participants stronger incentives to defection and free-riding.

<table>
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<th>Table 5: Centripetal and centrifugal systemic corruption</th>
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<td><strong>Centripetal corruption</strong></td>
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<tr>
<td><strong>Structure of authority of enforcing organization/actor</strong></td>
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<td><strong>Enforcement mechanisms</strong></td>
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<td><strong>Degree of “impartiality” of guarantors, i.e. orientation towards non exploitation or extortion by third-party enforcers</strong></td>
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<td>Time horizon of participants in corruption deals</td>
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<td>Potentially critical factors</td>
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**Third-party enforcers in centripetal corruption**

In centripetal corruption the role of “coercive” third parties is crucial to reduce the transaction costs of corruption. On a small scale, with pervasive dysfunctional side-effects (i.e. negative externalities), corruption enforcers provide protective services comparable – even if generally less effective – to those offered by western liberal-democratic states, which were crucial in the development of wider complex market economies based on property rights and the division and specialization of labor (North 1990). Ceteris paribus, third-party enforcers produce similar effects in the market for corrupt exchanges. They promote the participation of a wider set of willing actors in the network, allow for a division of roles in corrupt activities,
therefore encourage the acquisition of specialist abilities – the “skills of illegality” (Pizzorno 1992).

Besides the state, whose protective services are obviously not available in illegal activities or non-market exchanges: “various distinct organizations offer third party adjudication and enforcement. These include, among others, families, firms, religious organizations, local governments, and criminal organizations. Such organizations may be in opposition to the 'legitimate' power-backed third party enforcer, independent of him, or subordinate to him” (Barzel 2002: 28). Third-party enforcement – especially in arenas where illicit gains are high and distributed over long periods of time – helps participant to prevent or rapidly resolve disputes, and to compose otherwise irreconcilable expectations.

In centripetal corruption the protection of property rights over resources at stake in the corrupt exchanges can be supplied by third-party enforcers able to selectively impose costs to “cheaters” and free-riders (or, conversely, to administer positive incentives for fulfillment). According to their role in the public or in the private sector, and potential access to different sources of influence, enforcers will use several resources to guarantee the fulfillment of illegal deals, imposing costs using (menace of) violence and other means, as the threat of put an end to long-term relationships. As Barzel observes:

A third party must be able to impose costs in order to induce each of the principals to an agreement to make one-way transfers to the other. The enforcer induces the parties to an agreement to perform in situations in which they would not be inclined to perform on their own. He does so by threatening to impose costs on them. The amount of cost-imposing power that a third party possesses sets a limit on what he can enforce. Parties making an agreement subject to third party enforcement will comply only if they think that enforcer is able and willing to impose a cost at least as large as the required transfer (Barzel 2002: 42).

A variety of third party enforcers, as shown in table 6, use diverse resources to adjudicate disputes in corrupt deals. Both public and private actors can play such a role: public bureaucrats and politicians among the former, parties, entrepreneurs, organized crime, Free
Masonry and religious associations among the latter. In the governance structure of corrupt exchanges, they contribute to enforce deals in systemic corruption, using a variety of resources: the potential use of coercion, deriving from the enforcers’ role within a legal or illegal organizations; authority over public-decision making; influence over the delegation of public authority and protection of careers in parties, in the public and the private sector; ideological rewards and other symbolic resources; information and economic resources, derived mainly from a strategic position within a net of relationships between public and private actors, with the power to facilitate, deny access or ban to privileged knowledge, advice or profitable exchange opportunities.95

For instance, a bureaucratic office not only provides the opportunity for receiving bribes, but may also supply the “resources of authority” necessary to enforce corrupt deals (Lambsdorff 2007: 223). Table 6 distinguishes several potential guarantors of centripetal corruption, specifying the main resources used to enforce illegal deals, some facilitating conditions, the weaknesses and strengths of their enduring activities. When they supply protection in systemic corruption, partners rely upon a more precise specification of their frail “rights” at stake in illegal deals, modeled by the informal constraints of “institutionalized”, systemic corruption. The expected costs and risks of the illegal transaction are reduced; the perception of costs is mitigated by their socialization to the “rules” of corruption; the costs of free-riding, opportunism and defection increase correspondingly (thanks to their control over long-term relationships); the advantages of compliance with others’ corruption increases, due to the operation of coordination mechanisms.

To sum up, third parties’ enforcement capability may be based upon the threat of coercion, the capacity to impose direct physical costs to induce parties to fulfill their obligations in corrupt contracts, as well as on economic inducement or ideological appeals. Criminal organizations, for instance, have the power to enforce illegal deals by using force, as well as their reputation of violent guarantors, to adjudicate disputes. Party leaders and cashiers, bosses in public structures or high-ranking bureaucrats use preferably their control over public decision-making processes – whose implementation is guaranteed by the coercive authority of the state – to impose costs on cheaters in corruption contracts. The influence of

95 A private third-party enforcer may in fact use economic resources and information to point out profitable long-term relationships to partners, thereby discouraging defection (Barzel 2002, 42).
political bosses, as well as top bureaucrats, over the allocative power of party machines and public structures can be converted into enforcement capability. They can, in fact, use as an enforcing mechanism their power to realistically rule out partners in corrupt deals from other benefits deriving from repeated legal interactions with public bodies or party structures: career perspectives for lower-level bureaucrats, support for nominations to publicly appointed positions or candidatures for elected politicians, awards of public contracts or licenses to entrepreneurs, etc. Within the party organization, leaders may also appeal to common ideological values to obtain the compliance of corrupt members. The enforcers – which in some cases are brokers, entrepreneurs, religious body or free masonry – can strategically use their position within a web of relationships to effect exclusion, “certificate” trustworthiness and threaten to deprive the partners from the expected benefits of future opportunities.
Table 6. A classification of some third party guarantors in systemic corruption: actors, resources, facilitating conditions

<table>
<thead>
<tr>
<th>Type of third-party enforcer</th>
<th>Structure of the system</th>
<th>Resources used to enforce corrupt exchanges</th>
<th>Main facilitating conditions</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political party</td>
<td>hierarchical</td>
<td>Internal appointment, protection of political careers (nomination to public positions, candidacy, electoral support, etc.)</td>
<td>Centralized parties, strength of ideological appeals, clientelism</td>
<td>Party loyalty and ideological identification, besides material incentives/disincentives, socializing to corruption it produce trust among participants and justification for illicit activities</td>
<td>De-legitimization of parties</td>
</tr>
<tr>
<td>Political-bureaucratic clan</td>
<td>network</td>
<td>Personal influence, rewards, favors and inclusion/exclusion from the network of exchange relationships between public and private actors</td>
<td>Fragmented parties, weakness of ideological appeals, political patronage over bureaucratic structures</td>
<td>Dense network with frequent interactions and reciprocal protection of political and bureaucratic actors</td>
<td>Limited in its scale of operation by the scope of the bureaucratic structure</td>
</tr>
<tr>
<td>High-level bureaucrat</td>
<td>hierarchical</td>
<td>Control over access to benefits deriving from public decision-making, control over subordinates’ career</td>
<td>Hierarchical and formalistic bureaucratic structures; political patronage; weak public ethics; scarce loyalty of bureaucrats’ towards the state</td>
<td>Close-knit, robust and enduring network of relationships</td>
<td>Localized control; centrifugal tendencies due to divergent interests and time-horizon of politicians and bureaucrats</td>
</tr>
<tr>
<td>Political actor/Boss of the public body</td>
<td>hierarchical</td>
<td>Power to allocate public resources and benefits, influence over bureaucrats’ careers</td>
<td>Fragmented parties, weakness of ideological appeals, political patronage over bureaucratic structures</td>
<td>Personal loyalty of followers and clients</td>
<td>Operating on a low-scale or in circumscribed context, destroying party loyalty and legitimation</td>
</tr>
<tr>
<td>Entrepreneur-Cartel</td>
<td>market/network</td>
<td>Economic resources, information, access to cartelized regulation of public markets</td>
<td>Non-competitive (public) markets with, high monopolistic rents allocated by the state, complex and fragmented decision-making processes within the</td>
<td>Low visibility</td>
<td>Selective operation, limited in their scale of diffusion</td>
</tr>
<tr>
<td><strong>Broker</strong></td>
<td><strong>Criminal organization/mafia boss</strong></td>
<td><strong>Religious body/organization</strong></td>
<td><strong>Free masonry</strong></td>
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<tr>
<td>Selective access to information, capability to include/exclude from the network of exchange</td>
<td>Coercive (violence, intimidation), reputation</td>
<td>Protection of political, bureaucratic, associational careers (influence on nomination to public and private roles, control over electoral support, etc.); inclusion/exclusion from the network of exchange relationships where the organization has influence or intermediation; ideological ban/excommunication.</td>
<td>Selective access to a “certification” of trustworthiness; capability to include/exclude from the network of exchange; blackmailing power; protection of careers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bureaucracy, weak political authority</td>
<td>Lack of trust in public institutions; widespread belief in inefficiency of public procedures, extensive presence of illegal markets, demand for private protection</td>
<td>Weak political parties and actors; bureaucracy permeable to external influence; hierarchical structure of the religious authority; interiorization of religious beliefs and relevance of religious cleavages among political and economic actors.</td>
<td>Collusive relationships among political, bureaucratic, professional and entrepreneurial actors; complexity and opacity in public decision-making.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opacity and slowness in public decision-making, lack of confidence in the state and public agents</td>
<td>Very high costs of denunciation and “exit” from the corrupt exchange, due to the risk of violent retaliation</td>
<td>Religious loyalty and identification, besides material incentives/disincentives, produces trust among participants; religious beliefs may provide a “superior” self-justification and public self-defense for irregular/illegal activities.</td>
<td>Low visibility; loyalty and identification of both public and private actors – generated and reaffirmed by affiliation rituals socializing to corruption and symbolic resources – besides material incentives it produce produces trust among participants; potential for enlarging the network compensating actors with resources coming from legal as well as illegal deals.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional and skilled coordination of corrupt deals</td>
<td>Centrifugal tendency in case of violent conflicts between criminal organizations</td>
<td>De-legitimization of religious authority due to observable “contamination” with business and politics.</td>
<td>Pivotal role of the Grand Master which may produce a collapse in case of involvement in judicial inquiry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pivotal role of the broker which may produce a collapse in case of involvement in judicial inquiry</td>
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</tbody>
</table>
Conclusions: the “anti-corruption box”

An inclination towards corruption or towards integrity is not etched in the genetic heritage or cultural roots of a society. Corruption, akin in this to good governance, is the outcome of a multitude of individual and collective choices, supported and discouraged by the institutional matrix, social relationships and circles of recognition, the structure of social values and cultural norms. The combination of these elements creates expectations, habits, beliefs, preferences, ways of thinking and judging the sense of one’s own – as well as others’ – actions, which direct its evolution over time and change public opinion towards corruption and its diffusion throughout the state, markets and civil society. An effective anticorruption policy addresses such change discouraging individual involvement in illicit deals through material disincentives, societal recognition of the value of integrity, moral barriers.

The four cases of corruption exemplified in table 7 show how different “institutional conditions” shape the environment of individual choice. It encompasses both the vertical dimension of formal regulation and enforcement mechanisms, implemented by the state coercive apparatus; and the horizontal dimension of informal constraints of social/interiorized accountability mechanisms, which as we have seen can be more or less integrity versus corruption-enhancing.

Our hypothesis is that the four resulting “equilibria” are not equally stable. Ceteris paribus, the systemic – i.e. high density – and sporadic – i.e. low density – corruption cases (3 and 2 in table 7) are relatively more robust and persistent, since informal constraints and the state apparatus converge towards a coherent outcome, sanctioned in the first case also by the evolution of effective extra-legal regulation mechanisms of corrupt deals. In the “virtuos” case both support the respect of anti-corruption law and regulation, in the worst case both undermine it. The latter scenario realizes when a competing structure of expectations (finally sanctioned also by an alternative values system supporting them, i.e. lowering normative barriers) substitutes the ineffective formal institutions formally stating the prohibition of corrupt practices. “In such cases, formal rules and procedures are not systematically enforced, which enables actors to ignore or violate them” (Helmke and Levitsky 2004, 729). As Aoki (2001, 13) puts it:
even if the government prohibits the importation of some goods by a statutory law, but if people believe it effective to bribe customs officers to circumvent the law and make it a prevailing practice, then it seems appropriate to regard the practice rather than the ineffectual statutory law as an institution.

Multiple equilibria – with ample variations in levels of corruption – may therefore reflect divergent adaptive expectations and social values, i.e. the complementary or competing nature of informal constraints and effective/ineffective formal institutions.96

In irregular/intermittent (i.e. widely present in many public organization, but as isolated deals) and macular corruption (i.e. having an in-depth penetration in relatively few and confined areas of public activity) (1 and 4 in table 7), on the contrary, there is a tension between the direction where preferences and beliefs would address individual activities and the incentives created by formal institutions. In the best case, a “virtuous evolution” may be guided by popular consent, where public opinion and grassroots anticorruption movements push more or less reluctant rulers towards a strengthening of the state enforcement of corruption crimes (1→2); or also by a few “enlightened” political entrepreneur, who after having set up an effective anticorruption apparatus invest in the promotion of the values of integrity and the strengthening of a public spiritdness among bureaucrats and in the populace (4→2).

In the worst case instead a reverse process is set in motion. The lack of societal consensus or scarce support towards formal anticorruption authorities and measures may induce policy-makers to progressively weaken and de-facto dismantle them (4→3). An active and participant civil society may be gradually discouraged in its anticorruption mobilization by disappointing results obtained in terms of laws and reforms promoting public ethics, as the Hirshman (1982) approach to normative barriers could suggest (1→3)

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96 On the possibility of multiple equilibria in corruption see the models of Cadot (1987), with a variation in the amount of bribes paid, Lui (1985), showing a variation in the number of corrupt exchanges, Andvig and Moene (1990), with a variation in both variables. Murphy, Shleifer and Vishny (1993) single out a model of multiple equilibria in levels of corruption and income.
A major challenge in anticorruption is how to accomplish with policy measures a difficult exit from systemic corruption (3→2). In general terms, anti-corruption policies are effective when they diminish opportunities for and increase societal and normative barriers against corruption. But any reform which influences macro-variables may have only a remote connection – in both spatial and temporal terms – with the factual conditions and informal constraints influencing the activities of a specific subset of actors who can accept or offer a bribe, while the *script* which regulates their transactions remains substantially unaltered.\(^{97}\)

There is no simple or univocal recipe to deal with anti-bribery measures, since corruption is a complex and multifaceted phenomenon, influenced by a multitude of interrelated variables which affect both the anticipated benefits, the expectations and the socially recognized values which allow for such calculations to take place in the first place. Such conditions can explain the difficulties encountered in their implementation: “the history of anti-corruption campaigns around the world is not propitious. At the national and local levels, in ministries and in agencies such as the police, even highly publicized efforts to reduce corruption have tended to lush, lapse, and, ultimately, disappoint” (Klitgaard et al. 2000: 11).\(^{98}\)

A point emerge from our analysis: reforms aimed at dismantling systemic corruption have to be finely tuned against its hidden governance structures, i.e. its internal regulation of exchanges and relationships. The hidden accountability of corrupt deals, in fact, is a powerful force lowering the effectiveness of both legal and societal mechanisms of control and enforcement.

Moreover, in the absence of countervailing forces *external* to the corrupt environment – such as the entry of “honesty-promoting” competitors in the political arena, a strong anticorruption movement from below, channeling the pressure towards integrity of the public

\(^{97}\) According to the script approach, any crime can be identified and classified according to the routine steps followed by its actors, using this identification to find crime prevention measures (Cornish 1994).

\(^{98}\) Other challenges frequently arise in the design of appropriate anti-corruption strategies, such as oversimplification – i.e. the failure to target the incentives behind the individual involvement in corruption and the structure of opportunities shaped by the specific institutional context – and the narrow focus on the legal dimension and definitions of corruption, which hampers tackling other rent-seeking and corruption-related forms of influence of private interests on the public decision-making. The multiplicity of goals pursued in political activity also makes more difficult for the public opinion to distinguish corruption from other private agendas that politicians may have; and for policy makers to emphasize the relevance of the fight against corruption, which is hardly distinguished from other issues (Søreide 2010).
opinion, etc. – a vicious circle may emerge: the more an anti-corruption policy is needed, because corruption is systemic and “centripetal”, i.e. enforced by effective third-parties, the less probable its formulation and implementation. In this case, in fact, most policy makers will also be involved – as participants in illegal deals, therefore liable to be blackmailed, or indirect beneficiary of rents collected through corruption. In this context even apparently robust policy measures – the institution of an anti-corruption authority, for instance – can easily be reversed into yet another corruptible or useless public agency, not executing or financing its operations.

As shown in our simplified typology – the “anticorruption box” of table 7 – there are two distinct approaches in the fight against corruption: top-down policies, aimed at strengthening vertical control and sanctions over corrupt agents and bribers; and bottom up strategies, based on the horizontal mobilization and assumption of responsibility of societal actors and groups, which should fortify their role as circles of recognition of the values of integrity and law-obeying conducts (Pizzorno 1992). If the status quo is systemic corruption, any attempt to operate on the top-down axis of the anticorruption box – both with step-by-step or big-bang, revolutionary changes in institutions (Rothstein 2011, 119) – risks to be insufficient or doomed to failure. A persisting, deep-rooted diffusion of ethical orientation and informal norms endorsing illicit behavior as acceptable will undermine any intensification of repression and law enforcement.

Especially when the principal-agent combines with neo-liberal paradigm, in fact, the dominant canon of anticorruption dictates measures aimed at cutting public budget, deregulating, privatize public assets and dismantling the social state, intensifying the repression and punishment apparatus (della Porta 2013) – as in the inherently authoritarian ACAs (anti-corruption authorities) approach set up in Singapore and Hong Kong (Heilbrunn 2004). Moreover, in the principal-agent model the “equilibrium properties” of systemic corruption are generally ignored: the issue is not the relative effectiveness of institutional systems in reducing corruption incentives, but “which types of processes are likely to be successful for enacting such reforms” (Rothstein 2011, 104). The neo-liberal ideology promotes autonomy of the market from the state as a way to good governance. The assumption is that, the less the state intervention, the less the potential for corruption: “in a neoliberal world, where non-state actors have greater power and influence, the anti-corruption industry
increasingly acknowledges the role business can play in corrupt transactions. (…) Indeed, critical theorists assert that the ‘anti-corruption agenda’ promulgated by international anti-corruption organizations is both a product and a facilitator of neoliberalism, and that it has undermined the anti-corruption industry’s efficacy” (Walton 2013, 148).

Neo-liberal practices, without any strengthening of moral barriers, have on the contrary increased the connivance between politics and business, especially in systemic corruption.99 The illusory advocacy of neo-liberalism turned into opposite outcomes: liberalization, deregulation and privatization fuelled corruption, while their advocates had claimed the opposite (Stiglitz 2012, 176). If corruption did not diminish, it seemed however to have changed forms. In particular, neo-liberalism has – through various mechanisms – attacked the very basis of political parties, which are not credible nor effective as third-party enforcers of corrupt deals, so changing the balance and functioning of corrupt networks. In several countries, centripetal model of systemic corruption changed, as parties are substituted for by other collective actors (religious association, free-masonry, etc.) as trust supplier and guarantor of corrupt exchanges.

Only when official rules are complemented by coherent informal institutions they tend to produce the expected outcomes. The fertile ground of any anticorruption regulatory reform lies therefore in a simultaneous set in motion of bottom-up initiatives, empowering societal actors, allowing them to become really influential towards those political entrepreneurs having the authority to change the formal “rules of the game”, making anticorruption regulation more effective. The involvement of civil society and local community participation in anti-corruption policies may represent a potential preliminary spark to set in motion any conceivable positive feedback interplay between actors’ interests towards integrity and optimistic expectations that an exit from systemic corruption can be found. Recognizing the importance of “appropriate cultural resources” in the promotion and maintenance of integrity, anti-corruption projects should adapt to the social values prevailing in each country (Newell 2011).

99 A comparative study of Argentina, Venezuela, Indonesia, the Philippines, Kenya, and Zambia shows that despite political transition through democracy and economic liberalisation – i.e. deregulation, trade and financial liberalisation and privatization – no significant reduction of systemic corruption can be observed (von Soest 2013, 5).
The mutual recognition of the role of the public in the monitoring of government activities and in generalized awareness about the costs of bribery (World Bank 2000: 44) should, in turn, increase the perceived significance of transparency and anti-corruption commitment for bureaucrats and policy-makers, who would pay a price in terms of consent and career prospects in the case of the issue’s removal from the agenda, or even worse if involved in a corruption scandal. The shaping of similar beliefs about one’s own and others’ evaluations of the effects of bribe-taking or offering would therefore generate a self-reinforcing model of behavior. When everybody in a society start to expect that corruption is a marginal, risky, socially blamed, low-profit activity, nobody has any incentive to take the first step along the long (and dangerous) road of corruption. Moreover, anti-corruption “trial-and-error”, incremental and decentralized processes have the well-known quality of avoiding the potentially catastrophic consequences of wider and ambitious reforms, while favoring a learning processes and the spread of “best practices” among social movements activists, social entrepreneurs, associations, policy makers and bureaucrats – a positive-feedback mechanism in itself.

In recent years social movements denouncing kleptocratic practices, corrupt politicians and entrepreneurs, have developed a radically different explanatory framework. Consequently, also the policy toolkit enlarged. The fight against corruption is a basic constituent of a wider effort of citizens to oppose the deterioration of the quality of democratic processes. In order to raise resistance against corruption it is therefore necessary to restore or discover new accountability and transparency mechanisms that will permit a more effective control of citizens on the rulers. This implies the revitalization of a conception of politics intended not as a technique, but as a contribution to a realization of the common good. Experiences and experiments that increase the citizens’ opportunities to participate in public policies, in the formulation, decision-making and implementation phases, increase information available to the public, spreading a broad awareness and knowledge that in the “technocratic” conception of politics are instead – for ideological beliefs or “wilful misconduct” – kept jealously hidden (della Porta, Font, and Sintomer in press).

The fight against corruption needs to be re-framed as a public good, as well as an adequate regulation. The spread of political corruption has been denounced as the result of the
privatization of common goods and services – like water – and a factor contributing to the opacity and inefficiency during the corresponding processes. The increase in the price paid by citizens and the deterioration in the quality of services provided has been attributed to the big corporations’ greed, as well as to their capability to corrupt politicians at all levels. An effective fight against corruption also requires the defence of citizens' rights, since without certainty of rights the power of the patrons and political bosses – to whom particularistic demands are addressed – increases. Among the crucial factors that increase the possibility of success we may consider the existence of properly instituted ombudsmen’s offices, and a facilitated access of individual and collective actors to the judiciary (class action), in order to denounce discrimination and privileges, especially when such practices strengthens social awareness (see also Plant 2012).

In many recent mobilizations from below the issue of corruption is defined as a problem of social justice, rather than a mere obstacle towards good government. Moreover, in the fight against corruption decentralized knowledge and awareness of citizens is considered to be more important than experts’ understanding. Specifically, the awakening of public awareness spreads thanks to a collection of diffuse denounces of political malfeasance (Spanish indignatos ironically set the “state of malestar” against the “state of benestar” i.e. the state of malfeasance against the welfare state). In the last years information about and censure of corruption spread thanks to the support of Ngos, movements, groups and activists, from Wikileaks to individual bloggers, to networks and e-platforms. This process encouraged the development of horizontal accountability mechanisms, oriented not only to punishment and enforcement, but also to raise public awareness. Against systemic corruption, a plague affecting an increasing number of representative democracy, the fight against corruption as a factor of degeneration and injustice, can not be a single-issue policy, nor delegated to experts, but rather linked to a rethinking of policy and participation (della Porta 2013).
Table 7: The “anticorruption box”:

<table>
<thead>
<tr>
<th>Moral and Societal Barriers Against Corruption</th>
<th>Bottom-up Anticorruption Strategies</th>
<th>Irregular/Intermittent Corruption</th>
<th>Sporadic Corruption</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Systemic Corruption (Centripetal/Centrifugal)</td>
<td>Macular Corruption</td>
</tr>
</tbody>
</table>

*Top-down anticorruption strategies*

*State control and enforcement mechanisms*
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Project profile

ANTICORRP is a large-scale research project funded by the European Commission’s Seventh Framework Programme. The full name of the project is “Anti-corruption Policies Revisited: Global Trends and European Responses to the Challenge of Corruption”. The project started in March 2012 and will last for five years. The research is conducted by 21 research groups in sixteen countries.

The fundamental purpose of ANTICORRP is to investigate and explain the factors that promote or hinder the development of effective anti-corruption policies and impartial government institutions. A central issue is how policy responses can be tailored to deal effectively with various forms of corruption. Through this approach ANTICORRP seeks to advance the knowledge on how corruption can be curbed in Europe and elsewhere. Special emphasis is laid on the agency of different state and non-state actors to contribute to building good governance.

Project acronym: ANTICORRP
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Grant agreement number: 290529
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