Routledge Corruption and Anti-Corruption Studies

CORRUPTION IN A GLOBAL CONTEXT

RESTORING PUBLIC TRUST, INTEGRITY, AND ACCOUNTABILITY

Edited by
Melchior Powell, Dina Wafa, and Tim A. Mau

Corruption in a Global Context

This book provides an important survey of the causes and current state of corruption across a range of nations and regions. Delving into the diverse ways in which corruption is being combatted, the book explores and describes efforts to inculcate principles of ethical conduct in citizens, private sector actors, and public sector personnel and institutions.

Corruption is a global condition that affects every type of government, at every level, and has bewitched scholars of governance from ancient times to the present day. The book brings together chapters on a range of state and regional corruption experiences, framing them in terms of efforts to enhance ethical conduct and achieve integrity in government practices and operations. In addition, the book addresses and analyzes the theoretical and practical bases of ethics that form the background and historical precepts of efforts to create integrity in government practices, and finally assesses recent international efforts to address corruption on an international scale.

This book will be perfect for researchers and upper-level students of public administration, comparative government, international development, criminal justice, and corruption.

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Preface

This book is about corruption, a global condition that has challenged scholars of governance from ancient times to the present. The book raises issues that are relevant to every type of government and at every level. Its effects and its persistence are challenging to address effectively, and it is a condition with deep roots in every aspect of life and business in nations of the world. Moreover, the forces that contribute to corruption frequently contribute to a loss of citizen confidence in their governmental institutions and a loss of trust in government.

It is about creating public organizations of integrity. It will provide a review for educators and students in the fields of public administration, political science, comparative development and other disciplines that are concerned about integrity in public agencies; and it will serve as a guide to appointed and elected public officials through the labyrinth of cultural expectations and administrative rules, while making every endeavor to sort through ethical considerations.

The editors owe a debt of gratitude to O. P. Dwivedi for his scholarly contributions to the convergence of trust, accountability, and corruption abatement, and the initial conception for this book. Dwivedi held high positions in national and international professional and academic organizations. The editors recognized his talents and capacity to bridge cultural divides and to bring opposites together in harmony. His passing in January 2013 after a long battle with cancer was a significant loss to the global public administration community. As such, we would like to dedicate this book to the late Professor O. P. Dwivedi as a means of commemorating his formidable lifetime contributions to the study of public administration for over half a century of scholarship, leadership, and enthusiasm for the ideals of public sector integrity and good governance.

Introduction

Global strategies for a global scourge

Melchior Powell, Dina Wafa, and Tim A. Mau

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Some authors have claimed that corruption has been with us since the beginning of human settlements. Others offer the view that corruption became apparent in the eighties, chiefly because of international interest in reducing economic impediments to growing international commerce. While both perspectives are valid, it can be stated without argument that it was only in the late eighties that social scientists, economists, and politicians focused on the need to address the means and changes that would adequately address and reduce the causes and symptoms of corruption. By the beginning of the nineties, the number of democracies had grown, from a handful at the end of World War II to 1977. Globalization had changed the world and the level of concern about corruption. The international community had moved from an acceptance that unethical behavior by governments and business was too coercive an influence on the progress toward universal economic and social advancement. The concern was particularly focused on developing societies, although corruption in developed nations was also consistent, but addressed with higher levels of integrity. International conventions, agreements, and resolutions were successfully initiated principally focusing on the lack of integrity in developing nations, with significant efforts taken to enhance governmental efforts to improve the ethical behavior of bureaucrats and businesses. Developed nations were also coerced by international pressure to adopt measures that would end the use of bribes in dealings with other nations. Corruption was viewed as bad for business, and globalization had made it possible for business and national economic development to advance significantly (UN Crime Prevention and Criminal Justice Program, 1989; The UN Commission on Crime and Criminal Justice for Public Officials, 1992; International Code of conduct for Public Officials, 1996; UN Declaration Against Corruption and Bribery in International Commercial Transactions, 1996; The OECD Convention Against Bribery of Foreign Public Officials, 1999).

It is important to place current concerns about continuing corruption into the context of a global consensus that corruption is an international concern. In the concluding chapter (Chapter 15), the editors of this book have presented a detailed treatise of international efforts to reduce corruption that has concurrently contributed to the goal of establishing a level field of efforts in international

economic development. Our focus in this book is on strategies for understanding the forces that impact and control societal changes, leading to advancements in corruption abatement. Accordingly, our focus has been primarily on changes in the nations and regions of the world during the past three decades, since international conventions have operated to level economic development in a globalized world. Traditional approaches to applying questions of justice, government organization, and management improvement to seek solutions for reducing public corruption have largely been supplemented by studies that focus on national economic characteristics. Perhaps economic measurements are easier to obtain, but societal differences, particularly among underdeveloped nations, are difficult to acquire and difficult to evaluate. As Johnston (2005) argued, "We need to understand the contrasting corruption problems of different societies, and to emphasize the value of government, politics, and substantive, deep democratization."

Plan of this book

This book evolved from efforts to explain the characteristics of corruption in an international context through conference papers and studies that focused on quantitative indicators of corruption. The Arab Spring came and withered, and nations that exhibited reliable indicators of economic well-being were consistently below signs of growth in efforts to stem corruption in their countries. The International Association of Institutes and Schools of Administration (IASIA) benefitted for four decades by the work and contributions of one the most prolific spokesperson for the role of ethical development in the control of corruption, Professor O. P. Dwivedi. Our association with Professor Dwivedi and the IASIA Working Group on Accountability, Culture and Trust led us to recognize that economic and social indices alone were not leading to solutions that would both provide a broad understanding of the phenomenon, and include a number of intensive country- and region-specific chapters offering insights into the cultural, governmental, and enterprise interactions contributing to advancements in corruption abatement efforts, or the difficulties in advancing compliance efforts.

The societies selected in the various regions of the globe provide opportunities for in-depth analysis of corruption as reported and analyzed by in-country scholars. The selection of nations for this book reflected the input of scholars presenting papers over 12 years to this particular working group at the annual meetings of IASIA. Considerations in the selection included the participation in the meetings of individuals from the selected states or regions, the societal, economic, and cultural characteristics that will help the reader of this book to understand efforts to develop or constraints on efforts to implement compliance and ethical practices in their respective local and national governments. Corruption is prevalent in advanced societies as well as in less developed nations. Context needs to enrich the anti-corruption agenda. Nuance and subtleties are the means of advancing the cause of improved governance. The intent is to

provide an examination of nations and regions to identify specific experiences and successes in fostering integrity. Several of the chapters provide an understanding of the conditions that are viewed as critical to the level of societal advancement necessary to progress toward ethical conditions in its institutions, or the level of citizen confidence in the mission and performance of public institutions.

There have been other methods employed by scholars concerned with addressing corruption at the societal level. One approach is to analyze government functions within specific nations, comparing successes and compliance difficulties among the different nations, including such functions as health care, criminal justice, energy, or the environment (Spector, 2005). Another path for an international analysis of corruption is to focus on economic variables and the effect of corruption on those variables in various governments (Elliot, 1997). A notable approach is to analyze nations in terms of their quality of governance, by measuring perceived levels of governance quality as identified by the World Governance Indicators (Hough, 2013). Another tactic for addressing differences in a nation's progress toward good governance and anti-corruption success involves the development of indicators of citizen participation and institutional strengths for each country and cluster nations accordingly for further analysis (Johnston, 2005). Another method is to measure corruption among clusters of nations according to levels of democratic governance, from highly developed to oligarchy (Johnston, 2005). A remarkable approach to the selection of nations is to employ a framework of theories of selected societies in their political development and modernization. Accordingly, corruption is viewed as a "special case" of political influence in the context of the distribution of power in societies (Johnston & LeVine, 1990).

Our approach in this book is to provide an in-depth and comprehensive analysis of the politics, economies, cultures, religions, public sector values, and the level of development of democratic institutions of nations and regions that were maturing at differing times and levels, particularly in Africa, South America, and South Asia. Included in the selection were the advanced nations of Europe, Australia, and New Zealand, and the larger developed nations of Canada, China, Russia, and the United States. The contributors to this edited volume are scholars from around the globe, based in the nations and regions selected for the in-depth analysis, as well as international scholars working in the critical fields of ethics and integrity. The contributions have provided a comprehensive collection of research on corruption and its related subjects of culture, governance, citizen confidence, and other factors that only in-country experts can provide.

This book is primarily for scholars teaching in public administration academic programs, although university programs in criminal justice, economics, and political science will also be interested in the information and strategies available in this book. We expect that the book will also be of interest for faculty members teaching comparative administration, the law, or international development. Scholars researching in the fields of politics, public administration,

comparative administration, criminal justice, global economics, public trust, and economic development will also employ this book for its insights into corruption and corruption abatement efforts in specific nations or regions. Any citizen of the world with interest in the complexities of economic development, aspects of corruption, government efforts to achieve and maintain suitable levels of civic integrity and active citizen participation in government, levels of citizen security, political rights, civil liberties, and public agency accountability will find this book of interest. Only with the transition of knowledge about comparative efforts to advance development from experts to practitioners of governance systems through university programs and training programs addressing the evolution of standards and the attainment of integrity in governance will social and economic development become a reality. While each level of civil and social advancements in any developed and developing societies will vary, readers will gain an understanding of the challenges for constant vigilance in the maintenance of achieved levels of integrity.

Theoretical and historical context – Part I

Surviving bureaucracy: patterns of corruption, prospects for reform – Chapter 1

This book begins with an examination of the theoretical and historical context of the word "corruption." Definitions of corruption are extensive in their scope, with cultural and economic understandings, but a comprehensive interpretation that transcends culture and history is valuable to evaluate attempts by developing nations to transform (past) cultures to modern expectations of accountability. Recent changes in the postcommunist world of central and Eastern Europe have influenced the concept of corruption in transforming nation-states, and the impact of economic growth and development of nation-states in eastern and southeastern Asia will also be of value. Africa and parts of South America will also be found to be in a high state of development, with changing values and concepts. The influence of culture in maintaining historical concepts of corruption in developing societies will be critical to an understanding of the resistance to reform and the pervasiveness of corruption as a factor resisting realistic advancement as a developed nation-state.

In Chapter 1, Garofalo notes that much of the corruption literature assumes that corruption is binary, meaning the phenomenon in question is either corrupt or it is not. This perspective misses an essential characteristic of corruption in public organizations, as corruption frequently begins very small and advances, generally unseen until it reaches a crisis when it becomes toxic to the agency and afflicts the whole society. The corruption of public agencies thus exists on a continuum. The approach in the literature is for organizations to keep it from reaching the tipping point, and ideally to minimize its existence. Moral blindness, which is the inability to consciously or unconsciously see or recognize an action as corrupt, and moral silence, defined as the unwillingness of managers to

discuss ethical failures, contribute to the persistence and spread of corruption as both involve ignoring its existence.

Corruption in context: what goes wrong in governance – Chapter 2

Chapter 2 examines the conceptual quagmire that is corruption. After briefly surveying how corruption has typically been defined as the misuse of power for private gain, Huberts and Lasthuizen propose that we should be moving from conducting research on "corruption" to focusing on integrity research, which provides a broader framework for understanding the moral dimension of behavior – specifically, to gain insight into the myriad violations of the relevant moral values and norms governing individuals and institutions. As such, they propose a typology of ten different integrity violations that undermine the policymaking/governance process. In their view, it is crucial to understand that such integrity violations occur across the different categories of actors – elite, administrative and street-level – and at different stages of the policy-making process (agenda setting; throughput, which would include policy preparation and decision making; and output, whereby decisions are implemented and evaluated).

The authors note that commendable efforts by governments in advanced societies may lead to rules to uncover and deter corruption and build integrity, but may be ineffective in implementation, demonstrating that the challenge regarding efforts to combat corruption is a continuing crusade, which requires administrative dedication. As the authors ask in Chapter 2, "How do policy implementers operate; what are their operational moral values and norms; and do these coincide with implementation ethics?"

Fighting corruption and restoring public trust and accountability in a regional context – Part II

The countries and regions selected for inclusion in Part II (Chapter 3 to Chapter 13) of this book represent carefully chosen regions of the globe. The nations and regions selected are offered as samples of societies that include social, and cultural attributes that hinder or supplement advancements in corruption abatement measures. It is not our intent to focus solely on developed nations, or underdeveloped nations, neither is it to compare the advancements of developed nations with the difficulties of underdeveloped nations. After all, there have been plenty of studies that have critiqued the folly of promoting Western approaches for combatting corruption in developing countries around the world, particularly Africa, without taking those different cultures and mores into account (Van Gool & Beekers, 2012; Sampson, 2010; Brown & Cloke, 2004). Data collected about the nations selected for this book is information that is familiar to the authors providing in-depth analysis and compilations and conclusions that in-country experts will be competent to explore and report. The authors represent diverse international views from highly developed nations to developing nations, from nations with lengthy histories of anti-corruption efforts

to former communist nations emerging from cultures of corruption to democratic forms of government, and from nations recently achieving independence and struggling to overcome emerging cultures of state thievery and enrichment.

It is not our intent to provide information on every one of the 180 countries or to provide analysis of the different indices that reveal country-level comparisons of integrity in every country. Instead, our aim is to provide in-country and region-wide insights into national efforts to attain successful corruption abatement measures. The chapters included in Part II this book provide a focus on specific countries or regions by scholars that are either natives of the subject nations or international scholars with considerable depth in the field of ethics and integrity in the selected regions. The subject chapters are intended to provide a focus on the significant factors that can contribute to an understanding of corruption in the many facets of institutions and citizen behavior, and differences in the levels of corruption in different nations. It is not our purpose to construct an empirical model of a corruption-free society. The varying cultures, idiosyncrasies, and factors that may contribute to corruption in any one of the world's societies are included.

The authors of the chapters in Part II of this book were asked to provide a comprehensive description of corruption in their subject nations and regions, including an analysis of historical and current thrusts toward corruption abatement. Where the process of modernization is apparent, the ability of a society to create political and administrative solutions is of value. Several authors have included theoretical factors to place their addressed cultures on a scale of international advancement in the establishment of institutions and procedures to reduce corruption. The authors have addressed cultural backgrounds and administrative structures, including the influence of religion and the extent to which a nation-state has historical antagonism between or among religious groups competing for power or predominance, or security. The degree that ethnically homogeneous populations influence the creation of good governance will be of value. Each nation will have a different approach to economic structuring, as national strategies for economic development will be influenced by the level and pervasiveness of corruption. The chapters in Part II offer a description of the cultural attributes of societies, offering an appreciation of the subject societies within a conceptual framework of political maturity and modernization.

Authors in Part II have addressed efforts to ameliorate corruption in the following regions: Asia; the Arab world; West Africa; Southern Africa; Russia; Europe; South China; Canada; the United States; Australia and New Zealand; and Latin America. The scope of the book is thus truly international providing for comparative analysis within regions and on a worldwide scale. More importantly, there is an assessment of advancements in good governance by nation and by region.

Reference is also made to subregional and local governments, particularly police forces and public officials at the lowest levels of official activity, such as traffic control, where bribes paid for traffic infractions, real or imaginary, will

save days in court waiting for a hearing. However, bribery is not the only form of corruption examined. Outright criminal activity is also prevalent among police activities in many nations, such as the capture and resale of weapons or drugs by police, or engagement in prostitution or other illegal activities, or the sale of their services to a small business that will either pay for the protection or have their businesses damaged or destroyed. Such activities by police are not restricted to poor nations with underpaid police staff but are also prevalent in nation-states, like the United States, enjoying the highest ranking in international indices of corruption, citizen trust, tertiary education, economic competitiveness, or national health care systems.

Measurements of public trust and satisfaction in specific government functions and in chief executive officers and parliaments have drastically declined in many nations, to the point of near total lack of confidence in many functions and agencies in many nations. Equally troubling is that this lack of trust extends to other key institutions as well, namely business, the media, and NGOs (Edelman Global, 2019). To what degree this apparent plunge in trust is due to a perception that governments and their officials are less trustworthy today is a valid question, and can only be answered by authors with a comprehensive understanding of national political cultures and citizen confidence.

Anti-corruption agencies as tools against corruption in West Africa – Chapter 3

In his analysis of anti-corruption agencies as tools for fighting corruption in West Africa, David Enweremadu describes how corruption is widely regarded as the biggest obstacle to sustainable economic development in developing African countries. Nowhere is this more obvious than in Nigeria, Africa's most populous nation, where the devastating effects of plunder by top government officials are visible in virtually every sector of national life. At the political level, the author explains that corruption has been the principal obstacle to democratic development and political stability. Attempts to consolidate democracy have been undermined by military coups staged by a section of the army that often alleges massive corruption by civilian politicians.

At the economic level, the cancer of corruption has been even more catastrophic. Despite abundant natural resources, Nigeria ranks among the world's poorest nations. Much of the proceeds from the country's oil wealth have either been stolen or misapplied. Over $400 billion has been lost to corruption between 1999 and 2006. Consistent association with corruption by government officials has ensured that the country, until recently, has been marked by massive capital flight, lack of foreign investment, crushing external debt, decaying infrastructure, mass unemployment, and endemic poverty. Statistics from domestic and international sources confirm the economic effects of corruption in Nigeria. According to a 2004 United Nations Industrial Development Organization (UNIDO) report, Nigeria, with over $100 billion in private capital held overseas in 1999 (representing around 70 percent of total private capital) suffer

the most from capital flight. This amount excluded some $63 billion in non-monetary assets held by Nigerians abroad. Between the years 1993 and 1998, a single leader who ruled Nigerian as military Head of State (General Sani Abacha) diverted at least $5 billion into several foreign bank accounts.

In West Africa, instead of strict separation, there are varying degrees of confusion between the private and public domains. This hybrid system reflects an interaction between surviving precolonial cultural norms and practices (village patrimonialism) and other colonial legacies, as well as traditional concepts of ownership and accumulation, in conflict with the legal-rational bureaucratized norms and values. In the postcolonial years, an extreme version of authoritarianism has accelerated the difficulty in effectively controlling both public and private corruption.

Legal and institutional measures against corruption in Southern Africa – Chapter 4

In Chapter 4, on Corruption in Southern African Countries, Mantzaris and Pillay illustrate how legal and administrative efforts to combat corruption have failed primarily because of the lack of political will by political leaders to avoid a culture of entitlement. Subsequently, the emergence of corruption has contributed to further erosion of citizen trust and confidence in government and its various functions. The authors report that corruption in Southern Africa has taken a wide variety of forms, involving politicians and their families, senior and middle managers in the public services, heads of state-owned enterprises, and sections of the private sector.

The South Africa corruption experience is described as 'state capture' under the Jacob Zuma presidency. The authors maintain that a vibrant free and independent media and several university centers and NGOs that research the phenomenon of corruption have survived and are providing support for effective government action against corruption. Research on corruption at different levels and sectors of government indicates levels of corruption have increased, and that there has been a decline in both foreign and domestic investment as well as a decline in citizen trust of both political and administrative leaders. Corruption in South Africa has become so prevalent that Mandela's dream of a prosperous and nonracial society has diminished. The 25 years of democracy have been dominated by corruption causing considerable poverty and economic inequalities to increase continuously, and Mandela's vision has been substituted by a cycle of corruption in both the public and the private sectors.

The nation of Lesotho has achieved several steps to improve public trust, and good governance with several anti-corruption acts prescribing penalties for a range of corrupt activities, including bribery and conflict of interest while adopting procedures and norms for protecting informants. It also established an anti-corruption agency, the Directorate on Corruption and Economic Offenses. In 2005, Lesotho signed and ratified the United Nations Convention Against Corruption, and in 2006 it signed the African Union Convention on Combating

Corruption, as well as the Southern African Development Community Protocol Against Corruption. Money laundering has been criminalized, and the nation has an ombudsman, an auditor general, and a Code of Conduct Immunities and Privileges Committee with membership from the Parliament. Among negatives are the lack of whistleblower protection and no regulation of political financing. Moreover, there is no monitoring or audits regarding the use of campaign funds. The nonexistence of oversight institutions in municipalities outside the nation's capital, Maseru, has led to potentially high levels of corruption by local government ministers.

The country of Mozambique remains one of the poorest in the world. The government's ability to address this problem is severely limited by corruption and unethical governance entities. Despite the existence of legislation and institutional mechanisms to combat corruption, limited resources, and weak implementation, elite elements of the country extract rents from the government. In its efforts to combat corruption, the government launched a ten-year Public Sector Reform Strategy, which includes measures to improve the management of public finances and strengthen a Central Office for Combating Corruption. The Strategy also promotes research on effective governance and corruption issues. The Strategy language supports the efficiency of public services, and monitoring of local communities to promote transparency and accountability.

The authors determined that the Angolan government has attempted to overcome corruption in the use of oil revenues and has had little success in creating an anti-corruption framework for reporting oil revenues and government expenditures. According to Global Integrity, Angola has one of the world's worst overall frameworks for accountability, oversight, and regulation. The overall legal framework for effective anti-corruption measures and practices is severely limited in Angola. Attempted corruption and extortion are criminalized, and a law was passed but not implemented, creating an anti-corruption agency. Government officials are reportedly required to declare their wealth, including property held domestically and overseas; however, whistleblowers are not protected by legislation. However, the nation did ratify the UNCAC, and the terms of the convention legally bind it.

In 1995, Malawi's national legislature created an Anti-Corruption Bureau, an entity that is mandated to perform the functions of preventing corruption, educating people against corruption, and investigating and prosecuting offenders. The director and staff of the organization are under the direction of the minister. The enactment of the law took place one year after the death of Hastings Banda, whose autocratic rule dominated Malawi's political life for three decades. There are two major limitations associated with the current legislation: first, the act is restricted to bribery cases, and it fails to protect whistleblowers; second, conditions of service, standing orders, operating procedures, and financial control systems are lacking, which has undermined the effectiveness of the organization. Both the corruption prevention and the investigation divisions are understaffed, and donor aid has been a substantial source of funding for the

Bureau. Outsourcing has been employed, with reimbursement dependent on successful convictions. These limitations are exacerbated by a fragile political situation and a weak economy that has been a barrier to a sustained improvement in the performance of the Bureau.

In 1994, Botswana established a Directorate on Corruption and Economic Crime. The Directorate is involved in investigating and preventing corruption and educating the public regarding corruption. The Directorate falls under the Office of the President, and the director is formally and directly responsible to the president. The authors suggest that the arrangement compromises the institutional autonomy of the Directorate, contrary to international best practices, which require that anti-corruption agencies be functionally and institutionally independent.

Zimbabwe's first anti-corruption law was introduced in 2004, titled the Zimbabwean Anti-Corruption Act. It established a commission to combat corruption, theft, misappropriation, abuse of power, and other forms of improprieties in the conduct of affairs in both the public and private sectors. It is also empowered to make recommendations to the government and to organizations in the private sector on measures to enhance integrity and accountability and to prevent improprieties. The legislation is readily available and relatively comprehensive. However, an analysis of the implementation process suggests that the agency and its departments are understaffed. Reports of cases are not generally available unless cases are appealed to the nation's highest court. The country's leaders have been involved in widespread corruption that includes the direct involvement of individuals close to them at all levels of society and the economy. Laws and regulations have not stopped the political and business elites from getting involved in scandals. It is debatable whether those in the rank and file are abreast with best practice in terms of investigation and general enforcement. Institutions mandated to fight corruption often require operational, technical, and financial) assistance in order to effectively enforce the existing laws. Furthermore, the powers of the Anti-Corruption Commission are not clear.

Corruption in China: tigers and flies beware – Chapter 5

In Chapter 5, Donald Menzel provides a history of corruption in China, the creation of the new People's Republic of China, corruption methods and means in both the public sector and in the emerging private sector in the country, the initiation of the current president's anti-corruption campaign, and the prospects of its success in reducing and eliminating corruption in China. The argument advanced in this chapter is that while the corruption problem is not new in China's history, it has reached a level that threatens the future of the ruling Chinese Communist Party and its ability to govern the country.

The author notes that, as has been the case in other former communist countries, the transition from a command economy to a market economy has been a bumpy road with opportunities for corruption. However, the reform and

opening that Premier Deng set in motion following the initial phase of the new China created by Chairman Mao did not singularly produce corruption in contemporary China. Corruption existed before the reform, albeit mostly indiscreet and often petty forms. Reform did, however, lead to a surge in corruption by opening up new opportunities for officials to use their authority to enrich themselves.

National agencies addressing corruption are divided in China between abuses by communist party members, and by nonparty members. The Central Commission for Discipline Inspection investigates and sanctions party members. Since the early 1980s, the Commission has punished thousands of party members each year, with the calendar year 2018 recording 526,000 party members being punished. During one five-year period, death sentences were handed down for 350 party members found guilty of corruption. Harsh penalties (death sentences and lengthy jail terms) would certainly signal seriousness about cracking down on corruption.

To restructure China's anti-corruption approach, the national legislature approved a constitutional amendment in 2018 that established the Supervision Law and created the National Supervision Commission with oversight powers over civil servants in the entire public sector. The number of sentences appears large, but in reality, it is a small proportion of party members and government officials. Most party officials found guilty of misconduct receive a warning, 20 percent are expelled from the communist party, and less than 6 percent are criminally prosecuted. Accordingly, corruption has been a significant factor in both Chinese government matters and society.

Corruption in South Asia – Chapter 6

The chapter discusses the state of corruption in the regions of South and South East Asia. It analyzes how factors such as history, culture, ethnic pluralism, weak regulations, and fragile institutions limit the measures to control corruption in the region. The chapter then goes to discuss the consequence of systemic corruption in the region, and strategies states are using to counter it. Pyakuryal and Cox report that South Asia has experienced sustained economic growth and declining poverty rates over the past 20 years; however, increasing levels of corruption in the region are impeding this progress.

The authors indicate that administrative systems influenced by such traditional loyalties are inclined towards particularistic rather than legal-rational patterns of recruitment. It is therefore difficult for a South Asian administrator to comprehend how favored treatment toward a caste member or a tribe member can be deemed unethical. Appointments or licenses disregarding merit or bureaucratic neutrality are by the tradition of social conduct. Another aspect of South Asian culture that encumbers the fight against public sector corruption is the sociopolitical status of public bureaucrats. For the majority, the most immediate context for encountering the state is at the local level, where public bureaucrats are perceived as a representation of *Sarkar*, that is to

say, the apparatus that has its roots in the colonial era that wields civic and political authority. Most citizens, instead of expecting services and benefits from bureaucrats as a political right, feel obligated and grateful. Also, accountability to the public is culturally alien, especially to the Indian Administrative Service. The same tradition operates in Pakistan, Bangladesh, Myanmar, and Sri Lanka. Protected by the law and often possessing a sociopolitical advantage over those they administer, bureaucrats continue to enjoy many traditional prerogatives enjoyed by their colonial and feudal predecessors. The pattern in Nepal and Thailand is quite similar.

Another phenomenon in the subcontinent is the forging of "thick relationships" between politicians and the bureaucrats. In South Asia, administrators often resort to constitutional interpretation to subvert legal norms and to bypass the meritorious in order to fill the bureaus with candidates with political connections. Corrupt practices in South Asia, therefore, are deeply embedded. Trust in government institutions and government officials are low. Investors who commit to doing business in the region generally do so because of a low-wage employee base, and a compliant workforce. Bribing bureaucrats is a cost of doing business. Collaboration with dictators similarly is permitted to preserve profits for multinational corporations and senior government officials.

Corruption in the Arab world – Chapter 7

Dina Wafa provides evidence of the general lack of accountability among the 22 Arab nations and the paternalistic relationship between government and citizens. A general lack of citizen information about governance, budgeting, and resource distribution exists in the region. National governments are the primary source for the allocation of financial subsidies and security, either through the collection of taxes, or the availability of oil wealth among several of the states. National governments accordingly are the main power for allocating resources for social programs and providing security. Subsequently, the citizens' taxpaying power is diminished as is their knowledge of revenue availability and distribution. State power is further enhanced as the private sector also heavily depends on the protection of and subsidization by the state.

Eighteen of the 22 Arab countries have ratified the United Nations Convention Against Corruption, and have initiated anti-corruption agencies and passed legislation to combat corruption. Although several Arab states have established agencies to address corruption by government officials, their effectiveness continues to be a work in progress. Twelve Arab nations have progressed to offering e-government services, although most are still at the informational stage.

Combating corruption in most Arab nations is relatively challenging, given that access to information is limited, and the media is limited in its ability to provide information about corrupt practices. Generally, aside from personal information about the personal impact of corrupt government practices, citizen pressure for reform is limited. The Arab Spring, which produced so much optimism for reform, came and passed, with a resurgence of authoritarian

government in several states. Nonetheless, several states have taken steps toward increasing accountability and combating corruption.

Anti-corruption measures in Australia and New Zealand – Chapter 8

Masters and Hall examine the main anti-corruption laws that apply in Australia and New Zealand, as well as the dedicated anti-corruption agencies in the two nations. The authors also review codes of conduct and ethical rules as anti-corruption measures. They also review Australia and New Zealand's legislative response to international obligations concerning the investigation and regulation of foreign bribery under the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997) and the United Nations Convention Against Corruption (2005). The chapter explores the structural responses to corruption as opposed to a series of behavioral descriptions of corruption within the jurisdictions, with cases to illustrate the nature of corruption and reform measures. Lessons learned from the two jurisdictions are also presented.

Corruption syndrome: reverse evolution of bureaucracy-corruption in Russia – Chapter 9

At risk in each nation is the threat of a continuing loss of the public's trust, which might evolve into a culture of corruption, given the expectation that governments are in reality corrupt because corruption has become embedded in the nation-state's traditions and mores. Zuev and Rogozin draw a clear example of the corruption syndrome in Russia: a reverse evolution of bureaucracy where corruption has become a natural discourse.

The explanatory scheme of corruption prevalent in the 1990s focused primarily on the economic motives of participants. Corruption was perceived as profit from an illegal transaction with the usage of authority. Initial studies in the 1990s emphasized the involvement of the political and economic elite as the principal causes provoking corrupt practices. The main reasons for widespread corruption in Russia were seen as the tradition of small bribes formed in the Soviet past; the presence of a "top-down" system, forcing businesses to engage in corrupt relations; and a universal concept of total corruption.

However, the authors argue that the "functioning" of corruption that is observed at the different levels of social relations offered in the majority of studies of corruption, may have been lost in the macro and social labeling constructions. The authors propose that the implementation of oligarchic power is only possible in the context of institutional imbalance, supported by many participants of the regulatory function. Corruption is reproduced in everyday, routine relations even when there are no direct transactions related to obtaining benefits.

The authors argue that corrupt officials solve a narrow range of problems by adjusting to external rules, doing things, and solving problems by using external

standards, but not attempting to change them. Thus, participants of shadow relations are not interested in specifications and refutation of existing legislation. Any action, even the most useless actions leading to an increase in reporting, bureaucratization, and red tape, are only external conditions for the "real" work, which is why a formal adherence to instructions and standards as well as the apparent submission to legitimate leadership, is a sign of the origin of corruption relations. Where the task of comprehension of current events is discarded, and the feedback and communication in the administration system are damaged, there are always specific areas of meaning that lead to parasitism on general social relations, in favor of the private interests of particular groups.

Multidimensional comparative analysis of corruption in Europe from 1999 to 2013 – Chapter 10

This chapter identifies corruption in 29 European nations in terms of economic dimensions and reviews each country's level of corruption. For each European country, Więcek-Starczyńska, Mroczek-Dąbrowska, and Trąpczyński review the level of economic development, the availability of safe food, the availability and distribution of public goods, the prevailing political system, cultural factors, as well as the perceived motivations of citizens receiving or offering bribes. The chapter explores the characteristics of European countries about levels of corruption and relationships between levels of corruption and economic indicators. Included are perceptions of corruption, the general atmosphere for investment in each country as measured by the KOF globalization index to determine the future monetary policy of each country. The authors also consider GDP per capita, and each country's social situation expressed with the human development index. The results of a multidimensional comparative analysis using the method of cluster analysis are presented and discussed. The purpose of the analysis is to classify these countries in terms of corruption levels and essential social, political, and globalization factors that may be affected by that level, as well as to determine the relationships between the abovementioned aspects.

Corruption in Canada: an emerging culture of entitlement threatens good governance – Chapter 11

In this chapter, Mau demonstrates that Canada, despite its reputation as one of the least corrupt countries in the world and possessing a comprehensive and effective integrity system, routinely suffers from corruption scandals at all levels of government – local, provincial, and federal – involving all of the major political parties. Politicians have been quick to accept the ethical lapses of their political foes, but the reality is that upon assuming the reins of power none of these parties have been immune to the lure of corruption. He argues that it is symptomatic of a culture of entitlement that grips politicians once they have been in office for a period of time and is one of the reasons why corruption is so intractable. While these scandals are typically considered to be relatively minor

forms of malfeasance, often involving fraudulently claimed expenses, they nonetheless undermine the trust and confidence that citizens have in their political institutions and can undermine the legitimacy of government. This was certainly the case with the 2012 Senate expenses scandal, which further sullied the already tarnished image of Canada's unelected upper chamber.

One of the key themes to emerge from this case study, which is similarly demonstrated in other chapters in this book, is the importance of political and administrative leadership for combatting corruption. Elites have critical roles to play in terms of shaping the political and administrative cultures that characterize their systems of government. More importantly, they are exemplars that model the way for others to follow. They must set the example and behave in ways that are consistent with shared values (Kouzes & Posner, 2017; Blunt, 2000). If political and administrative leaders do not demonstrate an unwavering commitment to honesty and integrity, then it is highly unlikely that their subordinates will do so when fulfilling their duties.

Corruption in the United States: a systems view of public organizations – Chapter 12

Melchior Powell identifies the nation's extensive collection of state, local, and federal legislative mandates and compliance systems, and the increasing incursion of federal mandates on state and local powers and ethics systems. Investigatory powers of federal agencies continue to expand and supersede the authority of lower levels of government. The results may be beneficial to the public interest, but harmful to the continuing authority of subservient agencies and the emergence of a larger geographic scale of corruption corresponding to negative and powerful political motivations at a higher level of government. The variable currently creating complexity in the United States may well be the question (or absence) of national political leadership to continue support and leadership for the values of integrity.

At the federal level are a multitude of agencies providing oversight of federal departments and their programs, representing opportunities for identifying government efficiencies, wasteful programs and a presence that works toward integrity in governance. Included are several committees in both the House of Representatives and the Senate, an independent accounting office, the U.S. Department of Justice and its various units within the Federal Bureau of Investigation and its 10,000 special agents conducting criminal and civilian cases; and the offices of inspector generals in the 72 federal agencies and departments.

Corruption is a continuing challenge in the United States. Sustaining economic development in the nation's metropolitan areas has continued to drive the economy, with the addition of roads and expanding infrastructure into the suburbs and the dispersion of large technology firms throughout the nation. Planning and zoning activities in thousands of communities continue to offer illicit and unethical public and political decisions. Moreover, maintaining

enduring improvements in oversight are challenged by national inroads into corrupt behavior challenging lasting efforts to maintain high levels of ethical conduct in national, state and local government levels, and to maintain a national culture of professionalism in the public service.

Latin America: the proliferation of public organizations – Chapter 13

In this chapter, Victor Peña explains how patrimonialism has influenced governance in the past, with the existence of political oligarchies and the ability of economic interests to influence government decisions, leading to a situation of public power by private companies. The structure of governments in the continent of South America and the Caribbean has lacked modernization and has favored patronage as a practice in the relationship between government and the governed. The model began its transition to greater public administration capacity and social citizenship in the more recent years with efforts to establish democratic institutions and abated corruption on a regional basis. The establishment of CLAD in 1972 soon saw the introduction of public administration and professional civil service as a mechanism to promote citizen participation. The members of the Organization of American States signed a treaty in 1996, identifying corruption as a transnational concern and established a platform for the sharing of national efforts to reduce corruption. By example, Columbia establish a ban on private employment by public employees, Costa Rica adopted a law against illicit enrichment, and El Salvador adopted a law regulating and promoting ethical performance in sub-national and local organizations.

Most of the work in recent years has taken place at the regulatory level: preparing new laws or reforming the ones that signatory states already have. Bolivia, for example, published a law that establishes general guidelines for ethics in actions, programs, and projects in all governmental organizations across all levels. A law about the right of access to public information was published in Brazil. Colombia has adopted a new anti-corruption law that prohibits public servants from seeking employment in the private sector. This law also restricts contributions to political campaigns from government contractors. Costa Rica changed its law against illicit enrichment in the public service and expanded the list of staff forced to declare any patrimonial situation. El Salvador adopted a law on ethics in government to regulate and promote ethical performance in sub-national and municipal public organizations.

Combatting corruption worldwide – Part III

In Chapter 14, Cynthia and Thomas Lynch review a modern understanding of corruption in terms of globalization, as a significant mind-set shift from previous eras. They offer that a major global paradigm shift in our civic thinking, beliefs, and values is taking place. Globalization is the new dominant international system that has replaced the core collective values paradigm from the Cold War

era, when governance and economic systems were fixed and adversarial. The international rules revolved around respecting the influence of nations not encroaching on each other, based on adversarial ideologies of communism and capitalism and maintaining their customs in relationships and exchanges. Détente and diplomacy were the only hope for interaction.

The authors offer that when the topic of corruption is discussed, citizens often link the term "corruption" with the notion of blatant illegal activities, such as a politician demanding or accepting a bribe, a worker embezzling public funds, or a public manager rigging the awarding of public contracts. However, corruption, as the authors are suggesting, is more insidious and, if left unchecked, becomes toxic to the organization and eventually the society. For example, when the law says it is legal for special interest groups to pay members of Congress in the United States large sums of money to win their elections, the result is often a private benefit at the cost of the public's interests. Such payments to politicians are entirely legal in some countries, but they are corruption, nonetheless, because private money is used to negate collective social purposes. Politicians compensate their contributors by such means as not funding some public organizations at levels sufficient to accomplish the agency's mission.

A culture of accountability and transparency of government and the ethical actions of government officials will improve the public's sense of confidence and satisfaction in the dealings of government, and improve trust in government. Thus, effective systems of transparency and accountability regarding a government's actions will lead to a cultural transformation that will work toward the reduction of corruption. Accordingly, the underlying cause of corruption, imperfect human beings in positions of influence, can be eliminated with the judicious actions of the public servant.

The authors propose that public organizations can be well run with very little corruption if dedicated public leaders honor the values of their public agencies and articulate a conceptual link between agency goals and purposes. As Lau Tzu suggests at the beginning of this chapter, we must consciously cultivate virtue on a large scale and then look closely to examine our praxis to see if and where we are succeeding.

Grappling with corruption globally: concluding observations – Chapter 15

In the concluding chapter, the editors provide a comparative analysis and assessment of the state of corruption in the nations and regions addressed in the second part of the book. The review takes into consideration that the level of historical and social development varies considerably for the advanced nations of Europe to the underdeveloped former colonies of Africa, that social and political norms in advanced societies vary considerably from "new" nations without the Western norms of behavior for public officials.

This concluding chapter also offers a review of recent and current international efforts to address corruption and influence the adoption of national

compliance standards designed to produce a worldwide culture of ethical behavior and accountability. It includes an overview of actions by international agencies that have directly addressed the need to reduce and eliminate corruption, namely the United Nations, the World Bank, and Transparency International. In addition, the efforts and contributions of regional and other specialized international institutions will be assessed, including the Organization for Economic Co-operation and Development (OECD) with 36 members among the advanced world economies, the Inter-American Bank with 26 members in South America and the Caribbean; and Transparency International (TI) and its index of corruption in 180 nations.

The process of applying standards of public service in the public interest in developing societies is valuable principally in the expectation of actual application to all governmental systems. Such standards are in a state of development or decline in so-called developed nations, and may not be transferable to emerging economies based solely on a presumption that banking and loan rules have universal applications. What the chapters in Part II of this book have demonstrated is that societal changes are unique for every society. International finance may require transparency and accountability, but these are values that may not be universally accepted. The incorporation of legal codes continues to be desirable and needed in developed societies, and changes in the legal and moral connotation of corruption are evolving in developing societies.

Corruption is more than the unethical behavior of businesses that bribe their counterparts in government, or the illegal behavior of public officials that use their positions to demand payments for their services. The study of corruption entails more than the ranking of national perceptions that suggest a higher or lower level of corruption, or other rankings based on an economic variable. While indices are useful for a general consideration of levels of perception, or suggestions of specific societal characteristics that may be altered, national surveys provide general and broadly based information, rather than specific governmental actions that create compliance with legal and societal expectations; but also citizen understanding of social and economic demands of populations in given societies. Any society's general population will have a different understanding of what is corruption than will lawyers and police bureaucrats (Mungiu-Pippidi, 2015). Societies that perceive high levels of corruption may perceive that merit has less to do with advancement than favoritism, or payments for acceptance into elite educational institutions. Southern European citizens may perceive that favoritism in their health care systems is more apparent than citizens in Northern European nations. For example, the World Health Organization ranks Italy as the second nation in overall quality of its health care system, followed by San Marino and Andorra, with France ranked first. Indexes have an essential role in measuring corruption, but they may not always reflect realities when measured in terms other than corruption.

Perceptions of corruption may be increased when the public managers understand that rules are in place but that they may be inefficient, ignored, or not applied fairly to the public, or that they favor special interests. Transparency

rules may be meaningless where complex decision-making procedures and opaque negotiations take place in legislative settings. Alternatively, informal decision-making in the legislative process may not receive proper scrutiny, and critical negotiations are often cloaked in secrecy. Legislation controlling lobbying may not apply in legislative negotiations, and consequently, the public manager may remain ignorant about how private interests influence legislation and elected officials (see, for example, Wilks, 2013). In another example, financial information declared by elected officials as part of annual declarations designed to identify financial conflicts may not be independently verified, undermining the effectiveness of rules against conflicts of interest and illegal enrichment. Furthermore, legislative committees monitoring compliance with ethics rules may be comprised of current or former members of the institutions they are charged with overseeing and therefore lack independence and objectivity.

Thus, commendable efforts by governments in advanced societies may lead to rules to uncover and deter corruption and build integrity but may be ineffective in implementation, demonstrating that the challenge regarding efforts to combat corruption is a continuing crusade, which requires administrative dedication. As Leo Huberts and Karen Lasthuizen note in Chapter 2, "Implementation ethics, or street-level ethics, clarifies what is morally acceptable during specific activities … how do policy implementers operate; what are their operational moral values and norms, and do these coincide with implementation ethics?"

Notwithstanding an understanding among scholars and public administrators that the success of efforts to combat corruption is complex and multifaceted, the usual response to addressing a recognition of a crisis in integrity, or attempts to improve a nation's standing in the international community in response to a low ranking by TI, is a legal response with additional laws and regulations enacted. However, new laws and regulations cannot create a culture that encourages ethical and responsible behavior. Another approach in response to an ethics crisis is to increase punishments for illegal conduct. The reality is that incarceration and other severe punishments have little effect in achieving behavioral change. More effective than increasing punishments is the perception of the probability of being exposed; that is the real deterrent rather than the severity of the punishment. The perception of effective monitoring and internal controls influences the perception of being exposed and will have a more significant effect on reducing ethical malfeasance than more severe punishment. The controlling factor is the willingness of societies to bear the cost of effective and costly monitoring that might be productive in performing the needed tasks of oversight in a balance of costs and results.

More dysfunctional than severe punishments for ethical malfeasance in societies attempting to reduce governmental effectiveness generally may be efforts by governments to reduce government staffing costs, rationalizing that fewer government workers will reduce government corruption. Such misguided efforts may have the additional effect of reducing employee trust in their organizational leaders

and reducing the level of discretion necessary for employees to effectively execute their jobs. Consequently, the negative effects of constant control and monitoring may be demoralizing, ultimately reducing employee trust in their employers and possibly leading to further corruption.

Compliance programs are created to encourage ethical workforce behavior, including ethical codes of conduct and financial disclosure systems, and are highly popular among U.S. states. While such efforts have the benefits of articulating a government's acceptance that ethical behavior by employees is desired and accomplish a legislative goal of addressing conflicts of interest, codes of ethics and disclosure systems are relatively passive and are generally not effective in changing the culture of an organization, which is one of the most difficult challenges for any organizational leader. Disclosure systems may effectively instruct employees that certain investments are possibly in conflict with the mission of their organization, but anyone willing to lie on such statements may be prepared to act corruptly. Any deterrence is the exposure of corruption rather than the threat of punishment. The cost of thoroughly vetting employee personal finances may be considerably more than may be warranted. As is the case with such oversight measures, public officials can fail to disclose conflicts.

However, the pervasiveness of corruption drives the public to believe that corruption is widespread. Without effective methods to bridge the gap between past machine politics and current expectations for comprehensive integrity, law enforcement may be the remedy for general acceptance (Heywood, 2018). The correct thing to do is to change how people will act in the future by insisting that corruption in any form is incorrect, and perhaps reaching a tipping point, after which a new equilibrium is reached (Rothstein & Brooms, 2011). This argument points toward a major event type of change.

With a focus on public actions to reduce corruption, more aggressive systems may be appropriate, rather than passive systems of conflict avoidance, such as a system that focuses on the core values and mission of the organization. For governmental agencies, a values-oriented approach is consistent with the mission of government, namely public service for the public interest. Unlike private sector organizations that comply with government mandates for codes of ethics or disclosure systems, the public sector has distinctive advantages, such as the lack of a profit motive, the opportunity for transparency, the right of the public to have access to the decision-making process, and to written records and decisions. With the additional advantage of whistleblowing legislation, the public sector can evolve into a trustworthy institution, particularly in the perception of the public. Of critical importance, employees in the public sector are frequently motivated by a commitment to public service and their agencies' missions, although commitment is relative depending on the length of time integrity motives have been in place.

With growing recognition of the advantages of a values orientation, a public agency's compliance measures will be critical to the success of anti-corruption efforts. Rules and regulations may provide substance to ethical conduct, a rationalization of anti-corruption programs not requiring a universal adherence

to the richness and spirit of public sector values. Once compliance systems are in place, there is a need to respect the intent of the legislation. Furthermore, both the private sector and the public sector will be accustomed to a rules-based compliance system. As Garafalo (Chapter 1) and Huberts and Lasthuizen (Chapter 2) demonstrate, adopting and maintaining a values-based approach should support and provide integrity to compliance measures.

Defining corruption

As the principal subject of this book is corruption, it is essential to determine the scope of the subject, as viewed by the editors, and by scholars who have addressed the subject. Most scholars will agree that corruption is a bad thing that causes harm to individuals and nations and that it needs to be reduced (Heywood, 2018). In no small degree, in many less developed societies, corruption may be viewed as a matter of economic bartering. It may be the actions of an oligarch controlling the funneling of a nation's resources to personal out-of-country investments in banks located in London or the Cayman Islands or the purchases of high-value homes and other buildings in California, New York City, or London (Johnston, 2006). As Lord Acton famously remarked in his 1887 *Letter to Bishop Mandell Creighton*, "Power tends to corrupt, and absolute power corrupts absolutely" (Reproduced in Figgis & Laurence, 1907). Societies controlled by oligarchs generally have absolute power and, generally, are corrupt. Corruption may be Soviet Union kleptocracy or the post-Soviet autocracy. In some African nations, the oil monoculture may also produce elites in a winner-take-all economy (see Chayes, 2013).

The abuse of public roles or resources, or the employment of illegitimate forms of political influence by public or private individuals, may define corruption (Johnston, 1997). Alternatively, it may be defined as the misuse of public power for private gain (Mungiu-Pippidi, 2006). Both definitions apply to the range of possible levels of social and political systems, and in both approaches, one of the parties must be in the public sector (Rothstein & Teorell, 2008). Also, confusion exists in the literature in the misuse and difficulties of the meaning of the word "abuse," which varies significantly between rule of law societies and tribal societies. Further, the term abuse is relative even among developed nations, where the practice of private companies in Western Europe offering bribes to the governments of undeveloped countries was considered acceptable, until the mid-nineties; or that the practice of unlimited campaign contributions to politicians would be legal in the United States (Johnson, 2009; Rose-Ackerman, 2005).

What is common among the many forms of corruption, whether it be bribery, nepotism, or cronyism, is the role of public servants in policy development or the delivery of public services (Johnston, 2005). The rule of law or the legal concept of equality before the law is suggestive that universal norms are abused when corruption takes place. Thus, corruption as the opposite of good governance is viewed as the exercise of a form of favoritism in the exercise of public

power. It includes abuses of power by a broad range of public servants, from chief elected officials at national levels of government to local traffic police. Of course, the size of governments is not critical to this concept of public abuse. Among the ranks of nations with the highest perceived perceptions of anti-corruption practices are the Northern European nations of Denmark, Norway, and Sweden, while nations with substantial populations, such as China and Russia, are ranked among the nations with a higher level of corruption. Related to legalistic concepts of power and abuse are concepts of accountability and transparency. Accountability reflects a concept of responsibility for the legal and judicious utilization of public power, and transparency becomes evident when the public and public servants understand the standards of professional conduct, both moral and descriptive (Rothstein & Brooms, 2011).

Corruption may be defined as "misuse (or abuse) of public power for private gain" (Huberts, 2010). Alternatively, the public may see corruption as the extra-legal and often humiliating transactions required to facilitate the delivery of governmental services in a wide range of sectors, from communal housing to education (Spector, 2005). In legal definitions in the United States, the term "corruption" is defined in terms of an individual's intent or actions, as corruptly, or to act knowingly and dishonestly, or with an improper motive, or to act with an improper purpose. The purposes of legislative and judicial descriptions of corruption are intended to limit improper actions, or an intention to take actions that are prohibited knowingly. In U.S. jurisprudence, the definitions and actions of accused individuals are treated in voluminous legal and published reports for analysis and to assist both prosecuting and defending legal counsel in the establishment of precedents for judicial decisions (Report on the Investigation into Russian Interference in the 2016 Presidential Election in 2016). The term "corruption" in political contexts provides a broad array of usages. The Oxford English Dictionary defines corruption as a perversion or destruction of integrity in the discharge of public duties by bribery or favor. One scholar views corruption in terms of duties, which is favored by social scientists. Michael Johnston (1990) provides a broad array of definitions in his volume on political corruption. Of related interest is the concept of the public interest, which begs many definitions, but possibly creates confusion when applied to traditional cultures in developing nations. It might be argued that the entire collection of scholarly works dealing with concepts such as corruption and public interest, directly applied to the expectations of reliable public sector performance in evolving public institutions in developing nations, will be directly translated. It might also be suggested that corruption and public interest might be less appreciated by public servants in many Western developed nations.

Citizens' trust in public institutions

Critical to citizen perceptions of abusive public servants or ineffective (or corrupt) government agencies is the level of citizen confidence in the competence and accountability of public agencies. Public trust is necessarily a variable

response to economic events and the perception of government employee greed or avarice, or government agency ineffectiveness (Hardin, 2004; Urslander, 2004; Wills, 1999). Generally, citizen confidence indexes are measured against agencies and their performance rather than nation's, although the Organization for Economic and Co-operation and Development does periodically rank nations. Ranking government functions, or institutions reflects the availability of data, and the ability of nonprofit organizations to measure citizen confidence at levels that do not directly endanger the continuation of a national government. Thus, measurements may be of identifiable agencies, such as police or education, or the national congress, and the national chief executive or they may be of professions, such as the military and lawyers. The latest OECD ranking of public confidence of citizens in their member nations in 2014 showed a drop from 45.2 percent in 2007 to 41.8 percent in 2014. Switzerland had the highest level of citizen confidence with the ranking of 75 percent, and Slovenia had the lowest at 18 percent (OECD, 2014). The PEW Foundation surveyed citizens to determine public esteem for professions in the U.S., which showed a high of 78 percent for military and a low of 18 percent for lawyers (PEW Research Foundation, 2013). In 2015, the PEW Foundation surveyed the U.S. public to determine citizens' trust in the U.S. federal government. That survey showed a 59 percent drop from 78 percent in 1958 to 19 percent in 2015 on the question about whether the federal government "doing what is right about always" from 78 percent in 1958 to 19 percent in 2015 (PEW Research Foundation, 2015). The loss of the public's trust in government agencies may also be reflective of the public's loss of trust in the effectiveness or poor performance of large industries subject to oversight by government agencies, reflecting poorly on both large businesses in a particular sector and national or regional government institutions (Powell, 2011).

Economic factors may be the critical concerns that drive citizen confidence in the government. Most economies in developing societies are growing, with uncertainties causing citizen concerns. The impact of globalization has lifted the world's poor from concerns about survival to challenges of gaining employment, the acquisition of personal goods, and the higher standards of living. Although over a billion of the world's population is still impoverished, globalization during the past three decades has helped hundreds of millions of individuals to reach higher standards of living. In many developing states, economic growth is occurring at rates probably never seen in the history of humanity. Participation in the world's economy has helped civilize the globe. Certainly, many are still poor by Western standards, but many of the poor are now in urbanized societies, rather than in the wilderness searching for food, without clean water and any hope of better lives. To paraphrase, globalization has enriched the world for hundreds of millions, lifting them from feudal lives, given the world better people than in the pre-globalization lost. With globalization, citizens in developing states will seek greater involvement in governance and reflect their satisfaction in confidence surveys (McCloskey, 2006; Urslander, 2002; Hardin, 2004; Powell, 2011; Johnston, 2005).

Conclusion

Aspirations of citizens in every society have been influenced by globalization; for citizens in developing societies, democracy's emergence has caused higher expectations. Cleary, persistent poverty and survival is the driving force for citizens in emerging democracies; however, the persistence of corruption in contacts with public officials and institutions cements the belief that economic opportunity is not available. In several societies emerging from the restraints of communism, efforts to overcome corruption have been failing. International efforts to effectively combat and reduce corruption beginning in the 1990s have had a positive impact, initially on international bribery and subsequently on the establishment of compliance measures both international and within national governments. However, while globalization has positively impacted hundreds of millions of people by fostering economic development, it has also paradoxically "presented many opportunities for illicit enrichment" (Brown & Cloke, 2004, p. 278).

It is the goal of this book to present the efforts of countries around the world to combat corruption. Certain conclusions about corruption can be drawn from the many case studies included in this edited collection. First, corruption is truly a global scourge. While many of the developing countries in the global south are beset with higher levels of corruption with a host of attending negative economic, social and political consequences than their counterparts in the industrialized West, no country is immune. Even countries like Canada, the United States, and New Zealand, which are considered to be among the least corrupt states in the world, continue to grapple with corruption scandals from the relatively mundane to more serious breaches of the public trust. Every country, therefore, must remain vigilant in combatting corruption and ensuring the robustness of its various integrity pillars.

Second, despite the differing types and severity of corruption from one country to the next, there has been a remarkable degree of conformity in terms of the corruption abatement strategies that have been employed. Principally, this has involved an institutional approach to controlling and eliminating corruption. In many societies, efforts have been undertaken to establish anti-corruption and other watchdog agencies, such as ombudsmen, auditors general, and privacy commissioners, and pass laws to punish illegal conduct and ensure greater access to information.

While questions of implementation strategies remain, initial steps are important. In several societies, programs have been adopted to encourage ethical behavior, with codes of conduct, codes of ethics, and financial disclosure forms for public employees. As suggested by several authors in this book, these integrity systems, with a mix of institutions, laws, codes, policies, and procedures, will more effectively foster a framework of checks and balances to produce environments of high-quality decision-making that will identify and address inappropriate behavior.

However, while both necessary and appropriate, this institutional approach is insufficient. It simply is not possible to legislate against every conceivable

behavior that would be deemed corrupt; for those who eschew ethical universalism in favor of particularism, laws, and codes of conduct merely identify opportunities to take action and exhibit behavior that patently contravene the spirit and intent of the regulations without being explicitly prohibited. Loopholes are exploited for personal gain. As such, many countries have recognized the need to move beyond the implementation of laws and independent oversight agencies to focus on core values – both societal and those specific to the public sector – as well as the missions of public agencies, which are to pursue policies and programs to promote public value and the public interest. If the intent is to strive to achieve good governance, then the public sector must comprise individuals of the highest moral character who are committed to the values of probity and prudence, the rule of law, economy, efficiency, and effectiveness, which are some of the core values that underpin the public sector.

Admittedly, the challenge is formidable. In several of the nations reviewed in this book, the role of an independent media, active civil society organizations, institutional checks and balances, separation of powers, and internal anti-corruption mechanisms are established and operating effectively to diminish corruption. Nonetheless, the authors recognize that corruption is always present and ready to emerge when efforts to keep it controlled are lax.

We have recognized the important steps taken by the United Nations in the 1990s, creating conventions agreed to by the greater majority of nations, creating a framework for cooperation among all nations in the fight against corruption, and the efforts of the Organization for Economic and Cooperation and Development, the World Bank, and TI to reduce corruption and promote accountability, transparency and integrity at all levels and across all sectors of the world's nations. The vision of these international organizations to control and eliminate corruption can only be viewed as what the leadership literature would refer to as a "big, hairy, audacious goal" (Gill, 2011, p. 113). It is a worthy cause, but not one that can be pursued by these entities alone. Making progress toward the eradication of corruption, therefore, will require the resolve and commitment of political and administrative leaders in each country. Good governance will only be realized if these leaders successfully uphold and transmit the shared values that make corruption intolerable in all its insidious manifestations.

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Part I

Theoretical and historical context

1 Surviving bureaucracy

Patterns of corruption, prospects for reform

Charles Garofalo

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1.1 Introduction

Corruption, its causes, and consequences, as well as anti-corruption strategies, have commanded extensive attention in the academic literature. Scholars have examined corruption in its various forms, on all continents, and produced a voluminous body of work. As Monique Nuijten and Gerhard Anders (2007) suggest, corruption is *en vogue* in academic circles. The popularity of corruption as an academic project, however, does not connote agreement among social scientists as to its nature, process, or geography. Therefore, central to the study of corruption is awareness of its contours and complexity. In this regard, the claim advanced here is that, although proscriptions and penalties attached to corruption are necessary, they are not sufficient to sustain substantive, enduring change. Indeed, in addition to rules and sanctions, a more culturally grounded, contextualized approach to corruption is required. Thus, there is a need for both macro-level and micro-level perspectives and strategies.

However, Adam Graycar (2014) raises a fundamental question, namely "When is it *really* corruption?" suggesting that we endanger democracy if we confuse corruption with normal decisions and operations. In his view, this is particularly problematic if ideological or partisan opponents attach the corruption label to such decisions and operations. Graycar argues that, in light of corruption's corrosive effects on good government, opening the debate on its boundaries might lead to greater political understanding, coupled with more political and administrative integrity and less toxicity. This chapter aims to open the debate on corruption's boundaries by, first, briefly reviewing what might be called external or macro-level corruption; second, moving to a more detailed discussion of internal or organizational and individual micro-level corruption; third, considering prospects for reform; and finally, drawing conclusions for both theory and practice.

Macro-level literature tends to explore such concerns as bribery, violence, tax avoidance, profiteering, and anti-corruption strategies; on the micro level, we address such concerns as degradation and distortion of organizational mission, moral ambiguity, the normalization of corruption in organizations, and the incongruence between espoused and enacted values in public organizations.

These concerns may be legitimately labeled as types of corruption if we accept the definition of corruption as a perversion of integrity and Graycar's claim that the essence of corruption is breaching trust and improperly trading on that entrusted authority. At the micro level, the level on which public administrators operate, our more granular approach to corruption is animated by this question: How much moral clarity, conviction, and consistency can we expect or, indeed, tolerate in government organizations? This question is especially critical when juxtaposed with Mlada Bukovansky's (2002) argument that "in contemporary scholarly discourse the dominant rationale for the emerging anti-corruption regime has been economical and institutional rather than normative" (p. 18).

1.2 External corruption

A number of scholars, such as Robert Klitgaard (1988), Paolo Mauro (1995), Donatella della Porta (1996), Kimberly Ann Elliott (1997), Susan Rose-Ackerman (1999), Gerald Caiden, O. P. Dwivedi and Joseph Jabbra (2001), Mlada Bukovansky (2002), and Michael Johnston (2014), have treated corruption from various vantage points and with various purposes. This has similarly been the case for an increasing number of global institutions such as the United Nations, the International Monetary Fund, the World Bank, the Organization for Economic Cooperation and Development, and Transparency International. Therefore, we know a great deal about corruption's economic effects, kleptocracy, the need for civil service reform, corruption in particular countries, and efforts to combat corruption.

Consider, for example, the work of Michael Johnston (2014), a prominent scholar whose contributions encompass both corruption and reform. His reform proposals will be considered later in this chapter; at this point, the focus is on what he terms "contrasting syndromes of corruption." Johnston argues that corruption differs by location, and he offers four syndromes of corruption around the world: (1) influence markets, (2) elite cartels, (3) oligarchs and clans, and (4) official moguls. In influence markets, private wealth seeks influence over processes and decisions in public institutions by bribery and by channeling funds to and through political figures whose access and connections are for rent. According to Johnston, examples of nations engaged in influence markets include the United States, Japan, and Germany.

With regard to elite cartels, Johnston claims that moderately strong state institutions and colluding political, bureaucratic, business, and military elites maintain high-level networks by sharing corrupt benefits and stave off rising political and economic competition. This arrangement characterizes Botswana, Italy, and South Korea. The third syndrome of corruption – oligarchs and clans – involves a small number of elites supported by personal or family followings pursuing wealth and power in a climate of very weak institutions, rapidly expanding opportunities and pervasive insecurity. When possible, these oligarchs and clans use bribes, connections, and, when necessary, violence. Oligarchs and clans are

found in Mexico, the Philippines, and Russia. Finally, official moguls are powerful individuals and small groups, who either dominate undemocratic regimes or enjoy the protection of those who do. They use state and personal power to enrich themselves with impunity, and their primary loyalties and sources of power are personal or political rather than official. These moguls are found, for example, in China, Kenya, and Suharto's Indonesia.

Johnston calls these four syndromes "ideal types," acknowledging that corruption is not one thing, and suggests, therefore, that we need to understand the broad and complex patterns and processes associated with each type, as well as the intersecting, interlocking, and international interests and strategies linking them in specific circumstances. In his view, it is misleading to rely on corruption indices to rank entire societies, since corruption is not an aggregate national attribute like the Gross Domestic Product. Instead, it originates in particular relationships in particular situations. Thus, Johnston offers a nuanced macro-level perspective on corruption that provides a segue into a consideration of corruption on the micro level.

1.3 Internal corruption

Corruption on the micro or organizational and individual levels has also received extensive academic treatment (Ashforth & Anand, 2003; Haines, 2004; Kidder, 2005; Tuckness, 2010; Hood, 2011; Zaloznaya, 2014). Much of this literature, however, tends to assume or imply a binary perspective on organizational or personal ethics, in general, and organizational or personal corruption, in particular. In other words, either the individuals within an organization are ethical and incorruptible, or they are not but should be. However, lodged near the surface of this assumption is a vast range of attitudes, preferences, and complexities that belie this binary belief. Public bureaucracies house myriad perspectives, contingencies and opportunities that condition the thinking and action of managers and employees as they try to survive the daily dramaturgy of organizational politics, preferences, and pressures. Thus, this highlights the salience of the animating question noted earlier: How much moral clarity, conviction, and consistency can we expect or, indeed, tolerate in government organizations?

This question is first examined in more detail by framing it in the context of the symbolic interactionist, social intuitionist, and behavioral ethics approaches (Zaloznaya, 2014; Haidt, 2012; Bazerman & Tenbrunsel, 2011). Marina Zaloznaya (2014), for example, argues that the main argument for the interactionist approach to corruption is that "people's relationships with rules is often determined by the cultural schema, acquired in peer groups, families, organizations and other interactional contexts" (p. 191). We form our beliefs about following the rules through both formal and informal socialization processes, and we then enact them based on perceived cues in various interactional contexts. Furthermore, referring to the work of Robert Jackall, she suggests that individual morality in organizations is transformed into shared meanings that are, in turn, transmitted

through informal interactions. But, while Zaloznaya maintains that corruption is the negation of these shared meanings and norms, on the micro level, these shared meanings and norms are, in fact, not only transmitted but also transmuted into operational strategies and tactics designed to ensure individual security and survival within the organization.

Jonathan Haidt's (2012) social intuitionist approach suggests that emotional reactions precede moral judgments. We make quick, intuitive moral judgments and then provide reasons for them. Therefore, the aim of reasoning is not to guide moral judgment but, instead, to support a moral intuition. Moreover, Haidt, along with others, has come to be known for the six intuitions of moral foundations theory: care/harm, liberty/oppression, fairness/cheating, loyalty/betrayal, authority/subversion, and sanctity/degradation. The focus of these intuitions includes empathy, proportionality, and respect across rank or status.

Based in psychology, behavioral ethics presents a major challenge to traditional rational decision-making models, maintaining that "moral reasoning is rarely the direct cause of moral judgment" (Haidt, 2012, p. 817). Thus, this school of thought focuses on how individuals behave when confronted with moral dilemmas, rather than how ethicists believe they should behave. Organizational culture, for example, can lead individuals to ignore or not even recognize the ethical aspects of their responsibilities and to concentrate on performance goals to the detriment of their own as well as their organization's integrity. The result of this ethical blindness is institutional corruption, which Bazerman and Tenbrunsel (2011) contend "is a condition that exists when our institutions (governments, corporations, and not-for-profits) formalize a set of policies and practices that weaken the effectiveness of society and the public's trust in these institutions, even if no law is broken" (p. 144).

When combined, the interactionist, social intuitionist, and behavioral ethics perspectives provide a powerful lens through which internal individual and organizational decisions and actions can be interpreted. These approaches, however, do not supplant philosophical ethics, with its insistence on universal values and principles. Rather, they delineate important and natural emotional dimensions of behavior that figure more directly into the moral ambiguities and perplexities faced by public servants across the planet. Accordingly, to help reify this process, the chapter now considers six specific instances of such ambiguities and perplexities on display at the level of internal corruption: normalization of corruption; fatal choices; making excuses; employee misconduct; 'gaming' the system; and the blame game.

1.4 Profiles of internal corruption

In their work on the normalization of corruption in organizations, Blake Ashforth and Vikas Anand (2003) distinguish between corruption *on behalf of* organizations and corruption *against* organizations. They focus on the latter category, which includes such acts as theft and nepotism, and which requires cooperation

among two or more individuals. Their central concern is the group, whether the workgroup, the department, or the organization as a whole.

Normalization is the process by which corrupt acts become embedded in an organization, internalized by organizational members as permissible or even desirable, and passed on to successive generations of members. According to Ashforth and Anand, there are three stages of normalization: institutionalization, rationalization,and socialization. Institutionalization refers to the enactment of corrupt practices as a matter of routine, often without consciousness of their propriety. Rationalization refers to how organizational members legitimate their corrupt acts to themselves. Socialization refers to the inculcation in organizational newcomers of attitudes and ways to perform and accept corrupt practices. Ethical issues tend to go unperceived altogether, or are reframed as economic, legal or other so-called business issues that allow amoral reasoning. If moral issues are not recognized, then moral decision-making is not possible.

In his work on fatal choices, David Haines (2004) explores the subversion of government's work from within, the "things that go wrong in the everyday life of public sector organizations, why these problems have the consequences they do, and how to understand the consequences in a way that acknowledges both the moral and practical aspects of governance" (p. 5). Haines' chief concern is with the erosion of rationality "through predictable human failings that are quite minor" (p. 5). However, while minor, these infractions can be significant, and organizational decisions to overlook them are what he calls "fatal choices" that attenuate an organization's operations and its capacity to consider future alternatives. With regard to corruption, in particular, Haines argues that as organizations increasingly accept misinformation and incompetence, they become unable to assess themselves or to maintain standards for their conduct and, therefore, they lose their ability to think, owing to the absence of any objective standard of truth. Thus, organizations are corrupted not only in a moral sense but also in a technical sense, as exemplified by such infractions as the abuse of money, twisting personnel policy and faking the numbers.

Our third instance of internal corruption is making excuses, as analyzed by Alex Tuckness (2010). He argues that "everybody does it" is an appeal to consensus, in order to suggest that if everybody does it, an action is not wrong. If we assert that something has always been done in a particular way, we imply that it is beneficial or at least not idiosyncratic, and if the emphasis is on "we," it is a desire to preserve group identity, not a knowledge claim. According to Tuckness, everybody does it is a shorthand way of referring to one or more of three different arguments: (1) the fact that a practice is widespread is counted as evidence for its desirability; (2) people are said to know of and tacitly consent to the practice; and (3) the claim is about whether it is fair to ask people to fulfill burdensome obligations when others shirk the same obligations with impunity.

In her treatment of employee misconduct, Deborah Kidder (2005) examines trait theory, agency theory, and psychological contracting theory, first, to determine how each might predict the performance of detrimental behaviors; and second, to integrate these theories to understand better how personality and

situational factors combine to influence deviant behaviors. Drawing on recent research, Kidder identifies two conclusions: (1) personality differences can help predict who will engage in detrimental behaviors, for example, intrapersonal conflict as a predictor of lying at work; and (2) perceived unfairness in the workplace is a major determinant of bad behaviors. In this respect, Kidder suggests that if the situation overrides personality, then integrity tests may be less effective than assumed.

According to James Bowman and Jonathan West (2015), "gaming," the system or cheating occurs in government because of external economic, political and social forces as well as internal pressures such as high-performance goals. The need to perform, meet expectations, achieve standards, and avoid failure puts great pressure on the economy as a whole, but in public organizations in particular setting goals can lead to unethical decision-making. On the local government level in the United States, for example, we have cases of solid waste haulers watering down the garbage before weighing the truck in order to receive rewards based on performance targets measured by full truck weight; school enrollment managers who inflate the enrollment numbers to qualify for more state funds; and police officers who increase the number of tickets issued to meet a performance standard and earn a reward. Bowman and West argue that falsification and performance measurement are linked because democratic governance requires accountability and a large bureaucracy. Since it is difficult to gauge the intangible ends of public service delivery, we rely on shorthand indicators to judge agency performance. This, in turn, encourages gaming or reliance on loopholes and manipulation of performance criteria to meet expectations. The many kinds of gaming, cheating, and falsification mislead citizens and make it difficult to conduct accurate assessments of performance.

The final instance of internal corruption, the blame game, involves the risk of personal blame faced by managers and professionals, rather than the risk of blame that regulatory agencies face, for example, in the workplace, the environment or in health care. According to Christopher Hood (2011), blame refers to the attribution of something thought to be bad or wrong to someone or some department or organization. In blame games, multiple players try to pin responsibility on one another for some adverse event, and the consequences of the blame can vary from embarrassment to shame or legal sanctions.

It is not surprising that bureaucrats tend to be risk-averse, especially, for example, if legislators try to monitor bureaucracies through fire-alarm oversight rather than police-patrol oversight, that is to say, if they focus on what goes wrong instead of what works well. Hood maintains that this type of legislative oversight produces a mediocrity bias in agencies, which makes it seem better to be average than excellent. Lastly, Hood argues that blame avoidance, while not the key to human behavior in public service, is important enough to be taken seriously. This means that we need to ask whether blame avoidance strategies actually work, whether the pursuit of blame avoidance by public servants is positive or negative and what, if any, remedies might be available for blame avoidance.

1.5 Prospects for reform

If the content and contours of internal corruption presented here are even generally accurate and apply to a reasonable number of public servants and public organizations across the globe, then those committed to ethical and effective government face a formidable conceptual and practical challenge that is encapsulated in our central animating question about how much moral clarity, conviction, and consistency can we expect or tolerate in government organizations. This question, along with other concerns drawn from symbolic interactionism, social intuitionism, and behavioral ethics as well as from our six profiles of internal corruption, require a more archeological approach to public service ethics, complemented by traditional philosophical ethics that is typically offered in scholarly accounts. If scholars and practitioners of public service ethics wish to dig more deeply into the nature, impact, and implications of ethical thought and action in the public arena, they must engage their subject on the philosophical, psychological and practical levels. Otherwise, our understanding of this fundamental feature of public life will remain incomplete.

Consider, for example, the complexities of internal corruption and the questions they raise about conventional approaches to major management issues. Given the ambiguities and perplexities associated with each of our profiles, public officials and scholars can either grapple with these puzzles in a substantive and sustained fashion or continue to treat them as if their meaning, implementation strategies, and implications were settled or self-evident. Clearly, window dressing is inappropriate and inadequate in any serious effort to address the multiple forms of internal corruption, whether in regard, for example, to preferred versus actual ethical behavior, the cultural and social dimensions of organizational life, the purpose, content, methodology and duration of ethics training, the calibration by managers and employees of the moral importance of specific issues or situations and their decisions to act or not to act, the identification and management of ethical infractions and, perhaps most challenging of all, the discernment, design and delivery of reform initiatives. Recalling that corruption is not one thing, these incarnations of internal corruption, individually and in combination, can provide a comprehensive research and action agenda for scholars and practitioners committed to transcending bromides and advancing the integrity of public service everywhere. This leads us to a consideration of prospects for reform.

First, we begin by revisiting our six profiles of internal corruption, focusing on the recommendations for reform proffered in each. We then turn to other propositions and proposals associated with change, in order to develop a path forward for future consideration by both scholars and practitioners. This, in the context of the standard binary approach to ethics and integrity in public agencies as well as our central question: How much moral clarity, conviction, and consistency can we expect or, indeed, tolerate in public organizations?

In their work on the normalization of corruption in organizations, Ashforth and Anand (2003) argue that only systemic responses can reverse normalization,

since the so-called unholy trinity of institutionalization, rationalization, and socialization actively resists change. In passing, they cite the punishment of whistleblowers as evidence of such resistance. Therefore, Ashforth and Anand maintain that overcoming the self-sustaining nature of normalized corruption requires the administration of a strong shock from external sources such as media exposure, which often leads to governmental intervention. Furthermore, if top managers themselves are part of a corrupt system, then, again, radical change requires the involvement of outsiders who have not been part of the system.

In the end, however, Ashforth and Anand contend that corruption is best handled through prevention, which means inculcating and institutionalizing at all levels ethical values and awareness, which are then incorporated into everyday decision-making and action. In their view, this can be achieved via training based on a code of ethics and specific role-based situations and dilemmas. Individuals must know they will be held accountable for means as well as ends, and real sanctions should be in place. They also should have access to the confidential advice of ethics officers on ethical dilemmas and ambiguities. Finally, Ashforth and Anand suggest that human resources management practices should avoid communicating distrust and inequity, which often provoke retaliation against the organization. For example, the use of electronic surveillance may make employee behavior more transparent, but it may also produce corruption against the organization.

David Haines (2004) argues that the fatal choices organizations make as they routinize deceit, incompetence, and corruption sacrifice both the covenant between government and citizens as well as the ability of organizations to analyze their own work. In short, organizational rationality is severely compromised. Thus, although maintaining open and rational deliberation of goals and operations seems at odds with human nature, Haines suggests that agencies may profit from dealing with relatively minor issues that can be resolved with little threat to the agency or its people. The alternative is the inexorable and corrosive loss of faith in government's ability to govern itself.

Alex Tuckness (2010), in his analysis of the "everybody does it" excuse, is also concerned with the implications of this behavior for citizens and administrators. Whether the issue is burdensome paperwork, inflated budgets, recommendation letters, end-of-year spending or whistleblowing, the critical first step for administrators is to recognize the presence of an ethical dilemma, particularly since "everybody does it," as an excuse, stands for substantive moral arguments. In addition, administrators would benefit from paying attention to when they, themselves, use this excuse. This will lead to skills in ethical decision-making that transcend this particular excuse, for example, identifying the moral claims that others are making, as well as educating employees about which excuses are and are not acceptable.

Deborah Kidder (2005) argues that managers are responsible for managing the perception of fairness in the workplace and for understanding the possible impact of monitoring and integrity testing on employees' perceptions of trust.

The purpose here is to keep normally honest workers from performing dishonest behaviors. She asserts further that managers must deal with the paradox created by the use of monitoring and integrity testing, meaning that these devices may produce self-serving psychological contracts among employees by signaling a lack of trust.

James Bowman and Jonathan West (2015), like Haines and Tuckness, are concerned with the effect on citizen attitudes and trust of organizational practices, particularly performance measurement. They believe that gaming misleads citizens and erodes trust, and like Haines, they contend that falsified data vitiate legitimate comparisons among units. Therefore, they recommend citizen involvement in the performance measurement process, more general stakeholder participation, organizational risk assessments, ethics training, honest reporting, and prudent leadership.

Finally, Christopher Hood (2011) suggests that the blame game or, more specifically, blame avoidance, is conditional. Arguments can be mounted for and against blame avoidance in relation to the quality of governance and democracy, meaning that blame-avoidance tactics must be assessed relative to the goals that the participants are trying to pursue. If citizens believe that public officials are putting their own self-interest above that of others, or are serving narrow interests for personal gain, they will make negative judgments about blame avoidance behavior. On the other hand, if public officials are seen as attempting to serve the common good and are simply trying to avoid trouble, citizens may assess their behavior in a more positive light. In this connection, Hood argues that blame avoidance is a central feature of political and institutional life, and is likely to be with us as long as motive combines with opportunity.

We now return to Michael Johnston in order to consider to what extent, if any, his reform proposals on external or macro-level corruption may apply to corruption on the internal or micro-level. For example, one of his central points is that the interests and ideas that drove anti-corruption initiatives in relatively non-corrupt countries were about self-interest as much as civic virtue. More specifically, although laws and accountability measures hold corruption in check today, they are not what brought corruption under control in the first place. According to Johnston, those reforms resulted from political contention over questions of who is to govern whom, by what right, through what means and within what limits. In essence, they were the result of power checking power. This means that reformers must have political strategies, as well as good ideas for corruption control, while acknowledging that a good idea in one country may be impossible, irrelevant or even harmful in others. Johnston's argument, then, is that what is required for successful corruption control is what he calls deep democratization, which is a process of building workable rules and accountability by including more voices and interests in the governing process. In the end, he contends that self-interest is more likely to sustain reform efforts than values and beliefs about good government or political morality.

Framing anti-corruption activities as virtue versus vice is simplistic and exemplifies the binary approach to ethics in government, which Johnston

disavows. However, the extent to which notions of self-interest, the expression of group and personal grievances rather than a vision of good government and checking power with power apply on the micro-level of corruption is at least open to question, if not, in fact, problematic. Consider, for example, the behaviors in our six profiles and the recommendations offered to resolve them. If the sources of change in those organizations are assumed to be public servants who see themselves as moral agents, then that identity would, necessarily, encompass their vision of good government, and they might argue that manifestations of internal corruption in their agencies threaten public values such as accountability, transparency, and trust.

On the other hand, this scenario may be considered implausible if it is predicated on the presence of sufficient courage, motive, and opportunity on the part of those public servants to challenge the varieties of internal corruption that they encounter in their agencies every day. Thus, unless they are willing to become whistleblowers or government guerrillas (O'Leary, 2014) and thereby expose themselves to the risks related to those roles, the likelihood of such challenges to the status quo is correspondingly reduced. In other words, for this scenario to have the remotest chance of coming to fruition, there must be receptive and protective listeners at the upper reaches of the organization, a constituency for change that has the will and the resources to counter the constituency for the status quo. Resolute and resilient leadership, therefore, is crucial, although some might argue that the probability of such leadership, in light of intractable internal corruption, is slim indeed.

These considerations return us to our central question: How much moral clarity, conviction, and consistency can we expect or, indeed, tolerate in public organizations? In the belief that this excursion through internal or micro-level corruption, including our six profiles, has shed some light on this question, it seems timely at this juncture to offer at least a provisional response. This is done in the context of Christopher Pollitt's (2012) call for appreciation of the inevitable complexities associated with reform projects.

At first blush, public servants at all levels of an organization might publicly espouse the binary view of internal corruption. As noted earlier, from this perspective, ethics and corruption are understood as a yes-or-no proposition: an individual or an organization is both ethical and incorruptible or not, but should be, regardless of circumstances. But this perspective reflects the superficial approach to individual and organizational integrity in public service embodied, for example, in conventional legalistic, rule-based ethics training. Officially, public servants are not expected to exercise ethical judgment, even though administrative discretion is an open secret, and the provision of such training relieves the organization of any potential liability for an employee's transgressions (Roberts, 2009).

As one moves to the lower rungs of the hierarchy, however, the binary view of internal corruption is, at least informally, displaced or modified by a more granular and often more realistic or perhaps cynical attitude among employees, as reflected in our six profiles. As employees observe or engage in internal corrupt

practices, such as fatal choices, excuses, or exploitation of perverse incentives, their organizationally sanctioned binary view shifts to a more nuanced perspective, in which actions are taken according to a kind of risk assessment designed for personal security. For survival's sake, they may even resort to bureaucratic pathologies, such as tolerance of sub-optimal conditions, defensive routines, and dysfunctional behavior (Gabris, 1991).

It is not surprising that such conditions may be entrenched and widespread in public service around the globe, given the ambiguity surrounding the public servant's roles and responsibilities. In the United States, for example, as Mark Moore (1995) notes, there are two competing images of public managers – faithful servants whose sole moral responsibility is to provide expertise and loyalty, or the independent moral actor who is responsible for expressing and executing values and for protesting injustice or venality. According to Moore, citizens are ambivalent. They fear public servants who may impose their own views at society's expense, but they also fear public officials who blindly follow orders, assume little or no responsibility and are not held accountable. Yet, if internal corruption is a clear, credible and continuing threat to the quality of governance and if compliance trumps integrity in public service around the world, the more urgent is the need for both global and local reform agendas and strategies, even though the provenance and potency of such comprehensive reform initiatives remain open questions.

1.6 Conclusion

Anti-corruption efforts require an image of a "good" polity, as well as moral behavior of public officials and private citizens. The values underlying any conception of a good polity must be made explicit, rather than treated as impersonal facts of life that cannot be considered, let alone changed. For example, as Lewis and Gilman (2005) suggest, "professional public managers around the globe share some core values that are associated with their role and training rather than cultural particulars" (p. 229). Although cultural particulars are operative, Lewis and Gilman believe that "shared standards are developing on a global scale" (p. 229). Honesty, trust, and stability have been identified as central to global standards, there is evidence of a worldwide rejection of official bribery, and there is a global emphasis on professionalism, transparency, and accountability.

Still, corruption is a perplexing problem. Moral expectations persist, and no nation or organization proclaims pride in its corruption. On the contrary, corruption either operates in the shadows or is embedded in visible and routine conduct that is not generally considered corrupt, for example, bureaucratic incompetence or irresponsibility. Nonetheless, often the worst that shirkers can expect is that their performance reviews will not lead to a raise. But even that outcome is not necessarily a foregone conclusion. The aim, in any event, is not bureaucratic hegemony, infallibility, or perfection, but rather the strategic exercise of morally informed judgment in an environment of conflicting agendas,

competing priorities and scarce resources. What is initially required, therefore, is an acknowledgment of the limits of such characteristics as self-interest, greed, and the drive to power. Although these tendencies are clearly evident in human nature, they are not the sum total of human nature.

From the administrative perspective, if legitimate public sector reform is understood in a given jurisdiction to consist of assaults on the bureaucracy, then public servants cannot be expected to be willing targets in order to serve particular political interests, especially since such attacks are nothing more than unethical, partisan ploys, rather than serious attempts to strengthen our collective capacity for defining and resolving public problems. In this context, there is clearly a need for competent states with the political will to resist the delegitimization of politics and the deprofessionalization of the civil service (Suleiman, 2003). As far as corruption, in particular, is concerned, although there are no simple solutions, competent states, with the requisite moral and political will, are undeniably essential for effective reform.

Finally, for practitioners and scholars, with a serious interest in resolving the corruption conundrum, the benefits of moral agency and moral competence are plain, though often problematic on the organizational level. For practitioners, clear moral positions, coupled with political and administrative strategies and skills, can be formidable opponents of the merely convenient, expedient, or familiar. For public administration scholars, clear moral positions, coupled with sophisticated research, communication, and collaborative strategies and skills, are equally essential. Together, and with the support of external allies, they can contribute to the creation of a new set of profiles and proficiencies for public officials and to the advancement of democratic discourse and decision-making in governance at all levels.

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2 Corruption in context

What goes wrong in governance

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2.1 Introduction

This chapter focuses on the "dark side of governance," with an attempt to put corruption "in context" of the many types of behavior that violate relevant moral values and norms in politics and governance, or integrity violations.[1] In integrity and ethics research, much attention is paid to this dark side, certainly in research and theory development in governance studies (in public administration and political science). We will build on that research, but we will also pay attention to neighboring fields of study that might contribute to our understanding (including criminology, police studies, and organization science). That overview will result in a typology of integrity violations that is broader than "corruption." In addition, we will make the conceptual picture even more complex by relating corruption and integrity violations to a brief sketch of "governance" and the "governance process." In our view, it is essential to distinguish more clearly between the different elements or phases of the policy process in order to clarify the basic concepts and phenomena described in this book: bad governance, or integrity violations in governance, including corruption.

2.2 Context: what goes wrong

2.2.1 Views on types of corruption in politics and administration

The concept of corruption has been and continues to be, at the heart of much debate about the moral quality of government.[2] Although the field of corruption research had its pioneers and forward thinkers, the real outburst of academic and policy attention began in the 1990s with the creation of many global and international initiatives. Particularly noteworthy are the now famous nongovernmental organization Transparency International (TI), a global coalition against corruption founded in 1993, and several important conventions and treaties signed and implemented in international relations that brought corruption and good governance to the forefront (Caiden, Dwivedi, & Jabbra, 2001; Huberts, Maesschalck, & Jurkiewicz, 2008; De Sousa, Larmour, & Hindess, 2009). Not surprisingly, then, the focus in research and policy on the dark side

of government has clearly been on corruption. What is corruption, and what types of behavior comprise it?

The introduction to the *Handbook on Political Corruption* (Heidenheimer & Johnston, 2002, pp. 7–9) distinguished three types of definition used by social scientists for corruption: the "public office-centered," the "market-centered" and the "public interest-centered" definition. Although the first stresses the normal duties of public power-holders, the second their private interests and the third misuse of power that damages the public interest, all relate to public power-holders who misuse their power for private interest.

Many definitions and typologies of corruption refer to the misuse of power for private interest. TI defines corruption as "the abuse of entrusted power for private gain" (www.transparency.org). Wikipedia's definition of political corruption is the use of power by government officials for illegitimate private gain, and many authors use a comparable terminology (http://en.wikipedia.org/wiki/Political_corruption). However, there is much less agreement in the literature and in public debate concerning the more specific types of behavior that are included in the corruption phenomenon. A brief first impression of the broadness of the corruption concept follows, and we simply use the Wikipedia entry on "political corruption" as a starting point to illustrate on the manifold types that can be distinguished.[3]

"Bribery," the giving and receiving of a bribe, involves a "payment given personally to a government official in exchange for his use of official powers." In legal frameworks, as in the Netherlands, for example, corruption is equated in the penal law with "bribing" (giving or accepting a bribe). This definition presupposes that a functionary is acting in the interest of another actor because of the advantages promised or given to him. "Influence peddling," or trading in influence, refers to one individual selling his or her influence over a decision process involving a third party (person or institution). "Patronage" refers to favoring supporters, for example, for government employment. "Nepotism" and "cronyism" mean favoring an official's relatives (nepotism) or personal friends (cronyism) and thus also concern a form of illegitimate private gain. Patronage, nepotism, and cronyism all relate to what we call "favoritism": a functionary (or a party or system) favors a person or a group because of personal or particularistic involvement with that person or group (relatives: nepotism; friends and associates: cronyism; supporters in party or supporting group: patronage). All are types of corrupt behavior that signal a conflict of interest between private interest and the public interest.

"Embezzlement" is outright theft of entrusted funds, misappropriation of property. Other concepts commonly linked with "misappropriation" are "theft" and "fraud"; however, we think these labels more appropriate for the misuse of power for personal benefit without the involvement of a third party. A "kickback" is an official's share of misappropriated funds allocated from his or her organization to an organization involved in corrupt bidding. For example, a politician may award a contract to a company, in exchange a portion of the sum awarded to the company in the form of a kickback.

An "unholy alliance" is a coalition among seemingly antagonistic groups for ad hoc or hidden gain. Theodore Roosevelt employed the term in his *An Autobiography* (1913): "the first task of the statesmanship of the day," he claimed, was "to dissolve the unholy alliance between corrupt business and corrupt politics." Another concept sometimes applied to questionable alliances or cooperation between the state and private interests is "collusion," which can be described as a secret agreement for a fraudulent or deceitful purpose, especially to defeat the course of law (van den Heuvel, 2005).

Two other types of corruption defined in the Wikipedia entry are somewhat more exceptional. The first, "electoral fraud," is illegal interference with the process of an election (including illegal voter registration, intimidation at the polls, and improper vote counting). The second, "involvement in organized crime" by public functionaries, refers specifically to the close relationship between politics and, for example, the mafia in certain parts of Italy, or the many accusations of national government involvement in criminal activities such as the illegal drug trade.

Whether all the above examples fit into the definition of corruption as "use of power by government officials for illegitimate private gain" is questionable, but the overview does illustrate the diversity of the behaviors commonly thought of as (or related to) corruption. However, there are more definitional distinctions to consider.

2.3 State capture and corruption syndromes

One example of a corruption definition related to the development of state and society, particularly in transitional countries, is "state capture," a concept first introduced by Hellman et al. (2000) as a highly important phenomenon in situations of a fundamental weakness in the institutions of government. Corruption thrives, they claimed, "where the state is unable to reign over its bureaucracy, to protect property and contractual rights, or to provide institutions that support the rule of law." Moreover, they added, "governance failures at the national level cannot be isolated from the interface between the corporate and state sectors, in particular from the heretofore underemphasized influence that firms may exert on the state" (Hellman et al., 2000, p. 1). They therefore paid special attention to certain forms of grand corruption, notably "state capture" by parts of the corporate sector, defined as "the propensity of firms to shape the underlying rules of the game by 'purchasing' decrees, legislation, and influence at the central bank, which is found to be prevalent in a number of transition economies" (Hellman et al., 2000, p. 1).

One of the editors of the *Handbook on Political Corruption*, Michael Johnston (2005, p. 3), later proposed four syndromes of corruption that reflect "commonly found combinations of political and economic participation and institutions." Although defining corruption fundamentally as the abuse of public roles or resources for private benefit, he also focused on systemic corruption problems such as the "uses of and connections between wealth and power that significantly

weaken open, competitive participation and/or economic and political institutions, or delay or prevent their development" (Johnston, 2005, p. 12). More specifically, Johnston characterized four syndromes. The first, "influence market corruption," which he saw as most characteristic of advanced market democracies, involves "efforts on the part of private interests to rent access and influence within well-institutionalized policy processes, often through political figures acting as middlemen." The second, "elite cartel corruption," refers to networks of political, economic, military, bureaucratic, or ethnic and communal elites that help these elites "defend their hegemony in a climate of increasing political competition and only moderately strong institutions." The third, "oligarch and clan corruption … is dominated by figures who may be government officials or business entrepreneurs, but whose power is personal and attracts extensive followings." This type or syndrome often "takes place in a risky, and sometimes violent, setting of rapidly expanding economic and political opportunities and weak institutions." The last type, "official moguls corruption," refers to "government officials, or their protégés, who plunder an economy with impunity." Such plundering is "enabled by conditions of very weak institutions and lacking political competition, with economic opportunities that are often scarce and bitterly contested" (Johnston, 2005, p. 3).

Johnston's book is stimulating because it manages to relate "corruption syndromes" to the characteristics of wealth, power, and democracy in many countries. At the same time, however, the specific corruption element in the "wrong systems" remains rather vague. To remedy this lack of clarity, we would summarize the specific meaning of corruption in the syndromes as inappropriate private interest influence, elite abuse of power, abuse of power for extensive private gain and individual plundering of the economy. However, although all these aspects do indeed concern corruption as the abuse of public roles or resources for private benefit (Johnston, 2005, p. 12), they also add to the list of "bad" power regime-related characteristics such as "bad" participation, institutions and development. Corruption then becomes an umbrella term for "everything bad" (despite Johnston (2005, p. 13) wishing to prevent just that). What is important, however, is that both Hellman et al. (2000) and Johnston (2005) underscored the importance of corruption at a system or regime level. That is, corruption is present in all government and governance systems, but the types of corruption and the dominance of those types vary enormously.

2.4 Corruption and the Western perspective

An additional point for serious reflection stems from scholars who question the Western or cultural bias in many perceptions of corruption (Mungiu-Pippidi, 2006; De Graaf, Wagenaar, & Hoenderboom, 2010; Lawton, Rayner, & Lasthuizen, 2013); Hough (2013); Sissener (2001), for example, in proposing an "anthropological perspective on corruption," claimed that Western approaches to corruption are often exactly that: they are peculiarly Western,

influenced as they are by Weber's famous ideal type of bureaucracy and not easily applied to non-Western societies. In countries like Bangladesh, China, or Nepal, for instance, the public official who issues favors for remuneration of some kind within an established network is not corrupt; his or her actions are simply a social obligation to help, and deals within the network are considered normal (Sissener, 2001). The definition issue thus raises questions of cultural bias. Accordingly, Chadda (2004, p. 122) was particularly outspoken on the use of TI's definition in developing countries: "To judge transactions originating in the traditional sphere as corrupt because they clash with the requirements of the rational-legal order can be seen as merely an ideological argument for the rapid destruction of the traditional sphere." In the same vein, Andersson and Heywood (2009) argued that the concept of corruption is politically misused, claiming that the very concept has been increasingly instrumentalized for political ends since the end of the Cold War – most especially in those countries where corruption is perceived as a major issue.

2.5 Corruption and crime

It might seem that criminology and the resultant knowledge about crime could be extremely helpful in clarifying typologies of wrong behavior, including corruption. Unfortunately, however, as Huisman and Vande Walle (2010) stated in their overview of the *Criminology of Corruption*, such is not the case. Although "corruption is a form of crime," they surmised, it has, surprisingly, "rarely been the focus of criminological research [being used] mostly in the context of organized crime" (Huisman & Vande Walle, 2010, p. 115). Nevertheless, as shown in the analysis to follow, there are many criminological insights that could stimulate and help corruption research, including the relationship of corruption to "organized crime," "white collar crime," "occupational crime," "corporate crime," and "state crime." The areas in corruption research that seem most worth exploring are those that throw light on the causes of and conditions leading to crime, most particularly motives, opportunity, and the operationality of social control (Huisman & Vande Walle, 2010, p. 127).

Several other fields of study within criminology might also warrant more explicit connection to corruption research;[4] for instance, the literature on rule and law-breaking by government, on state crime, and organizational or corporate crime offers interesting analogies. Although at its most fundamental, corruption research focuses on government officials or organizations that violate laws, rules, and norms because of private interests, government bodies also engage in other types of rule and law breaking (Huberts, Van Montfort, & Doig, 2006). In many countries, when these latter concern the violation of procedures or inappropriate behavior, citizens can complain to an ombudsman. Yet governments can also commit infractions, such as breaking procurement rules for financial reasons, neglecting environmental laws at public buildings and sites, or neglecting rules on the frequency and character of safety inspections at industrial sites, cafes, and restaurants, violations that are seldom addressed or

discovered until something goes really wrong (e.g., a fire with many deaths, or an explosion in a chemical factory). When the rule breaking concerns criminal law, on the other hand, the literature on corporate and organizational crime may offer valuable insights (Van de Bunt & Huisman, 2007).

Another interesting concept, "state crime" (Ross, 2000), comes from the literature that focuses on serious illegal or socially injurious acts by the state in order to accomplish its goals. For instance, a government may sponsor unrest abroad to further national corporate interests or torture opponents to find out about possible terrorist attacks. State crime, therefore, relates not to private interest but state interest, and its consequences can be highly dangerous.

One last relevant concept from the literature on state wrongdoing is "administrative evil" (Adams & Balfour, 2004), characterized by the engagement in acts of evil (i.e., inhuman acts that unjustly or needlessly inflict pain, suffering, and/or death on other humans) by perpetrators unaware that they are doing wrong. The evil character of these acts, therefore, is masked, possibly even to the point of moral inversion ("evil" presented as "good"). Adams and Balfour (2004, p. 43) pointed particularly to the Holocaust as "the signal event in human history that unmasks the reality of administrative evil." They also pointed out, however, that the "centrality of routine administrative processes and ordinary bureaucrats to the implementation of the Holocaust [is] not unique to Nazi Germany." Such processes and actors "are entirely consistent with modern organizations and the technical-rational approach to administration" (Adams & Balfour, 2004, pp. 43–44).

2.6 Wrong in organizations[5]

Researchers in organization science use very diverse terms for "wrong behaviour" in organizations, including deviance – which may be organizational, workplace, professional, or employee deviance as well as noncompliance, dysfunctionality, antisocial behavior, and misbehavior. To complicate matters, deviant behavior is often lumped under the same heading as unethical behavior, even though the violation of organizational norms is conceptually distinct from the study of the violation of moral norms. From an organizational perspective, a particular employee behavior may be deviant but not unethical, and vice versa.

Vardi and Weitz (2004, p. 4) began their comprehensive overview of misbehavior in organizations by stating that, "although such forms of misconduct appear to be rampant and universal, systematic OMB research on these phenomena is lacking." The few (empirical) studies that have examined deviant workplace behaviors either concentrate mostly on one particular type, such as theft, aggression, lying, or sexual harassment or include a wide range of misconduct with no systematic categorization or analysis.

An exception is the empirical work of Robinson and Bennett (1995; Bennett & Robinson, 2000), who, in their 1995 study, developed a typology of deviant workplace behaviors using multidimensional scaling techniques. Their results suggest that deviant workplace behaviors vary along two dimensions – minor versus

serious (severity of deviance) and interpersonal versus organizational (target of deviance) – which produce four distinct categories into which employee deviance can fall (Robinson & Bennett, 1995, p. 565). The first category is production deviance, behaviors that violate the formally prescribed norms delineating the minimal quality and quantity of work to be accomplished; for instance, intentionally working slowly. The second is property deviance, those instances in which employees acquire or damage the tangible property or assets of the work organization without authorization; for example, by stealing from the company. The third is political deviance, which refers to engagement in social interaction that puts other individuals at a personal or political disadvantage; for example, gossiping about co-workers. The fourth is personal aggression, which is behaving in an aggressive or hostile manner toward other individuals; for instance, being verbally abusive.

In another interesting study, Kaptein and Wempe (2002), although not primarily interested in unethical conduct per se, conceptualized three fundamental (ethical) dilemmas that arise not only at a conceptual level but also in various forms at different organizational levels. They characterized these as follows: (1) the "dirty hands dilemma," when the interests and expectations of stakeholders conflict with organizational interests; (2) the "many hands dilemma," when the interests of internal organizational functions (employees, managers, units, departments) conflict with each other; and (3) the "entangled hands dilemma," when the private interests of organizational representatives conflict with organizational interests (Kaptein & Wempe, 2002, pp. 166–174). These dilemmas can result in many forms of unethical conduct, including the manipulation of information to external parties (the "dirty hands dilemma"), internal favoritism (the "many hands dilemma"), or the waste and abuse of organizational resources (the "entangled hands dilemma").

2.7 Police misconduct

The police have a special responsibility for maintaining norms and values in society: police officers act against violations of rules and norms, including serious crime, which brings them into situations that involve danger as well as, very often, particular temptations. These characteristics make the police an interesting organization for research on integrity dilemmas and violations. Not surprisingly, police misconduct has always been a central topic in police research, with many attempts to systematically describe the various forms and types of misconduct (Skolnick, 1966; Roebuck & Barker, 1974; Barker, 1978; Punch, 1985, 2000, 2009; Newburn, 1999; Lamboo, 2005; Pollock, 2004). Some authors, for example, have tried to develop all-embracing typologies. In one early study, Barker and Roebuck (1973) distinguished a number of dimensions along which corruption, as well as other types of police misconduct, could be analyzed and understood: the act of misconduct and the actors involved, the type of norm violated, the support from the peer group, the degree to which the deviant practices are organized or structural and the police

department's reactions to the misconduct (whether and how the misconduct is punished). In a subsequent study (Roebuck & Barker, 1974), they distinguished eight types of behavior, which Newburn (1999, p. 4) summarized as shown in Box 2.1 (he added the last type, following Punch (1985): particularly evident in drugs cases).

Within this paradigm, the definition of police corruption refers to violations of criminal laws, formal departmental rules, and informal departmental rules, thereby linking police corruption with abuse or misuse of official position, authority, or general organizational power. Subsequently, Barker (1978) added five types of police rule violations categorized under "occupational deviance": police perjury, police brutality, sex on duty, drinking on duty, and sleeping on duty. Later work by Punch (2000, p. 302), however, classified police deviance into three broad categories: corruption, misconduct, and police crime.

This brief overview of the work by several police researchers clearly shows an enormous variety of specific types of behavior that qualify as police misconduct and are often included in police corruption. Also, when this intriguing sector is analyzed, new types and concepts emerge that add to the picture of complexity and diversity already present in the extant work on corruption in politics and administration, criminology and organization science. How, then, can such a wealth of information be synthesized into a coherent whole? To answer this question, we will first point to convincing arguments for building a framework around the broad concept of "integrity violations," a framework later described in more detail.

Box 2.1 Types and dimensions of police corruption

Corruption of authority

When an officer receives some form of material gain by virtue of his or her position as a police officer without violating the law per se (e.g., free drinks, meals, services).

Kickbacks

Receipt of goods, services, or money for referring business to particular individuals or companies.

Opportunistic theft

Stealing from arrestees (sometimes referred to as "rolling"), traffic accident victims, crime victims, and/or the bodies or property of dead citizens.

"Shakedowns"

Acceptance of a bribe for not following through after a criminal violation; that is, not making an arrest, filing a complaint, or impounding property.

Protection of illegal activities

Police protection of those engaged in illegal activities (prostitution, drugs, pornography), enabling the business to continue operating.

"The fix"

Undermining of criminal investigations or proceedings, or the "loss" of traffic tickets.

Direct criminal activities

A police officer commits a crime against person or property for personal gain "in clear violation of both departmental and criminal norms."

Internal payoffs

Prerogatives (holidays, shift allocations, promotion) are bought, bartered, and sold.

"Flaking" or "padding"

Planting of or adding to evidence.

Source: Newburn (1999), based on Roebuck & Barker (1974)

2.8 From corruption to integrity violations

In our work on the ethics of governance, we have moved from "corruption research" (in a more specific sense) toward "integrity research." It is, therefore, important to understand the reasons and arguments for this shift toward more "diversity and complexity," as well as its limitations. Why, for example, focus on integrity (violations) instead of on the appealing concept of corruption?[6] The first and most obvious reason is that our focus is on the moral dimension of (the behavior of) individuals, organizations, and even countries. That is, we are interested in violations of relevant moral values and norms, which by definition begs for a broad framework. Therefore, although it is certainly worthwhile to know more about the amount of bribery and favoritism in government and administration (corruption), it is also important to discover more about such violations as waste and abuse of (public) resources, discrimination, improper use of authority and private time misconduct. It thus seems advantageous to distinguish clearly between subtypes of "corrupt" or "unethical" behavior (or integrity violations).

The literature offers three basic definitions of corrupt behavior. The first, and most specific, interprets corruption as acting in a particularistic interest because of advantages promised or given, and thus includes bribery (often found in legal frameworks) but also influence peddling, kickbacks, and forms of favoritism and conflict of interest. The second interprets corruption in line with the definitions in use by international anti-corruption organizations: corruption as the abuse of

office for private gain (Pope, 2000). These definitions portray corruption as a breach of moral behavioral norms and values involving private interests, but do not see the presence of a third party or interest as conditional (which brings fraud, theft, and embezzlement under the corruption "umbrella"). The third and broadest definition views corruption as synonymous with all types of wrongdoing by functionaries in terms of acting contrary to the public interest. In its broadest form, corruption then becomes synonymous with the vices, maladies, and sicknesses of politics and bureaucracy. Referring specifically to the bureaucracy, Caiden (1991, p. 490) termed these deviations "bureaupathologies" and distinguished 179 types, including corruption, deceit, discrimination, fraud, injustice, mediocrity, red tape, and waste. In this latter definition, therefore, corruption is identical to unethical behavior or the violation of integrity.

We do not opt for the third interpretation, however, because of our view on the essence of corruption (its relationship with private interest) and because doing so would not solve the problem, but only move it. That is, when everything unethical is called corruption, it then becomes crucial to distinguish between subtypes of corruption in order to cope with the diversity of moral misbehavior or integrity violations (including, for example, discrimination and manipulation of information).

The second reason for focusing on a broad and complex integrity framework (rather than the narrower spectrum of corruption) relates to the diversity of the phenomena under study. Researchers who label manifold integrity violations as "corruption" have problems investigating, for example, the causes of corruption and the effectiveness of anti-corruption policies because such phenomena as patronage and favoritism might be caused by factors other than bribery, private time misbehavior, fraud, intimidation and discrimination and so forth. Differentiation is also important because it is probable that organizations or governments will have to develop specific policies against different types of integrity violations. When you want to fight fraud, for instance, it might be effective to be strict and tough in terms of norms, leadership, and policies, but this toughness might lead to negative effects such as intimidation and discrimination (Lasthuizen, Huberts, & Kaptein, 2002; Lasthuizen, 2008). Our research experience has also taught us a clear lesson: umbrella concepts limit the possibilities for expanding our knowledge about unethical behavior (content, causes, effects, solutions).

The third reason relates to the country we are working in. Although the integrity of government and governance involves a variety of violations, serious bribery, nepotism, and patronage are rather exceptional in the Netherlands, which makes other types of unethical behavior – for example, conflict of interest through sideline activities, fraud, and private time misbehavior – more decisive for the legitimacy and credibility of the political and administrative system. Also, our research on internal investigations by governmental organizations has shown that the number of investigations of corruption specifically is limited compared with those of other violation types. The internal integrity investigations of Dutch regional police forces, for example, primarily concern

six types of integrity violations (Lamboo 2005; Punch, Huberts, & Lamboo, 2004). The clear front-runner, accounting for 23.5 percent of the investigations[7] is off-duty private time misconduct, which concerns a wide range of behavior (most prominently, contacts with criminals, theft and fraud, violence, and driving under the influence of alcohol). The other frequently investigated types of behavior are the improper use of force (17.1 percent), waste and abuse of organizational resources (14.3 percent), abuse of information (13.6 percent), inappropriate demeanor, including discrimination and intimidation (11.3 percent), and theft and fraud (14.7 percent combined). Far fewer were investigations into perjury in court (0.2 percent), conflicts of interest through gifts and discounts (0.2 percent), the use of dubious investigative methods, corruption (1.5 percent), and moonlighting (2.0 percent).

These findings are supported by comparable evidence from many other research projects, for example, on the reports of integrity violations to local government in the Netherlands (van den Heuvel et al., 2010) and on workplace misconduct in the government and the business sectors (Kaptein et al., 2005; Lasthuizen, 2008). The same conclusion can be drawn based on a wide body of research from other countries on misconduct occurring in the workplace. Based on employee reports of observing at least 1 of 15 behaviors in the past 12 months, nearly half (45 percent) of U.S. employees observe some type of misconduct on the job (ERC, 2012).

The last reason relates to the supposed Western bias of corruption research. There are differences between most Western countries and many countries in the developing world in corruption (reputation) research, but when we only focus on corruption or bribing this might overestimate the moral quality of politics and administration in the West, and a broader framework might bring in some nuance.

2.9 Neither too complex nor too broad

Even though we are arguing in favor of broadening the perspective from corruption to integrity, we believe we must be careful not to broaden the scope too much. Even when the discussion is limited only to the behavior of public officials (rather than also including all "evil" in policies (Adams & Balfour, 2004), there are, as Caiden (1991) so convincingly argued, many bureaupathologies. Not of all of these should be considered integrity violations; however; a functionary can do something wrong and make mistakes, even stupid mistakes, without committing an integrity violation. When this distinction becomes too blurred, an organization loses sight of what is morally significant and what is not, possibly leading to adverse outcomes. For example, employees may become too afraid to risk doing anything wrong or may become paralyzed, with good reason, by the idea that making a mistake might lead to an investigation of their integrity. To avoid such repercussions, therefore, organizations must clearly identify their central moral values and norms and must develop organizational ethics that clarify what type of value or norm violation is considered serious

enough to warrant an investigation of integrity. Although never easy, this undertaking is crucial for any organization that takes ethics and integrity seriously, and that wants to prevent the oversimplification and/or overgeneralization or "integritism" (Huberts, 2014).

2.10 What goes wrong: types of integrity violation

What types of integrity violation, then, are useful to distinguish? How do we find our way through the confusing landscape of the many integrity violations outlined previously, from bribery to "the fix" from cronyism to excessive police violence, from patronage to private time sexual assault? When we want to develop a typology, it seems essential, first of all, to identify the dimensions or characteristics of integrity violations to take into account (Lamboo, 2005; Huberts & Lasthuizen, 2014).

The first dimension concerns the character of the norms or "normative systems" (cf. Roebuck & Barker, 1974; Barker, 1978); these can encompass (1) external normative systems such as (sub)national law, rules, and regulation; (2) internal normative systems such as (disciplinary) rules and regulations, including codes of conduct; (3) internal informal standards and working rules; (4) professional ethics; and (5) normative systems that include legal rules with a more universal character, such as the Declaration of Human Rights. The second dimension, the domain of behavior (i.e., functional, internal, and private), addresses whether norms are violated during the performance of functional tasks and duties, either through internal behavior within the organization or through private time behavior. The third dimension refers to the interest that the behavior serves, whether (formal) organizational or private interest. Unlawful or deviant conduct can also be in the interest of the organization, to achieve organizational goals and ends, a deviation sometimes called "noble cause corruption" (Crank & Caldero, 2000, p. 2). The fourth dimension concerns the victims harmed by the behavior, who may be citizens, colleagues, an organization and/or society. Police deviance, for example, can take place at the expense of several victims: citizens (whether as witnesses or suspects and arrestees), other organizational members, or the organization as an entity and a more abstract victim when its interest is at stake, and public trust is deteriorating (Pollock, 2004).

Which types of norms, domains of behavior, interests served, and victims harmed are relevant to the construction of our typology of integrity violations? Morality and ethics refer to what is right or wrong, good or bad. They concern the values and norms about which people feel rather strongly because they involve serious community interests. While ethics in general concerns (reflects on) the moral values and norms that matter, integrity, the ethics of the governance process, is the quality of acting in accordance with relevant moral values, norms, and rules. The ultimate judges on whom values are contradictory are the relevant publics.

Integrity violations concern action in the governance process that violates relevant moral values, norms, and rules, which themselves encompass all normative systems (universal, national, organizational, professional, formal, and informal). The domain of behavior concerns the governance process, which includes behavior in all phases of the policy process (functional and internal). Whether private time (mis)behavior should be added is more questionable. In our view, it cannot be excluded, but it is always important to consider whether private time behavior is related to the values and norms that apply to "functional" integrity. For example, dangerous driving in the form of speeding may lead to serious doubts about the professional integrity of a police commissioner or minister responsible for traffic safety, but less serious speculation on that of a different top public official or minister on labor policies.

The interests served by an integrity violation are most often personal or private interests (including those of family, friends or party) and can concern financial or other personal involvement (power, sexual or other). When these personal interests conflict with public or organizational interests, the basis of the violation is clear. The situation becomes less simple, however, when a functionary operates against the moral values and norms in an attempt to serve the interests of the organization or society. What is clear, nevertheless, is that the decision on what does or does not serve organizational or public interests cannot lie in the hands of the violator. It is the morals of the organization and/or the public that must be decisive. The last dimension concerns the victims harmed by the behavior, who may be citizens, colleagues, an organization, or society as a whole. This dimension, however, although useful for consideration in research, seems less important for establishing whether an action is an integrity violation. That is, a violation of the moral norms and values of relevant publics means, by definition, that harm has been done.

In sum, integrity violations concern the violation of diverse moral values, norms, and rules in external, internal, and sometimes private (time) behavior, thereby favoring inappropriate interests and damaging public and organizational interests (in the eyes of the relevant publics). This view on the characteristics of integrity violations, which essentially assumes a broad spectrum of values, norms, domains, interests, and victims, has led our efforts to construct, step by step, a broad typology of ten integrity violation categories. This typology, first developed by Huberts, Pijl, and Steen (1999) based on an analysis of the literature on (police) integrity and corruption, was later adopted based on empirical research on internal police force investigations. This typology, although it recognizes corruption as a crucial aspect of public integrity, is meant to incorporate unethical conduct in a broader sense, most particularly because the types of integrity violations distinguished are thought to be relatively universal and thus useful for describing unethical behavior in almost all (public) organizational contexts. Nevertheless, they may have different concrete manifestations in different times and places.

Since its original formulation, the typology has been discussed and tested many times by the VU research group in the Netherlands using available

(quantitative and qualitative) data on integrity violations. In addition, Lasthuizen (2008) made a first successful attempt to validate empirically (see also, Huberts, Lasthuizen, & Peeters, 2006; Sampford et al., 2006; Lasthuizen, Huberts, & Heres, 2011) the typology for standardized surveys within the field of ethics and integrity and for organizational (mis)behavior research. The resulting types of integrity violations are outlined in Box 2.2.

Box 2.2 Typology of integrity violations

1 Corruption: bribery

Misuse of (public) power for private gain: asking, offering, or accepting bribes.

2 Corruption: favoritism (nepotism, cronyism, patronage)

Misuse of authority or position to favor family (nepotism), friends (cronyism), or party (patronage).

3 Fraud and theft of resources

Improper private gain acquired from the organization or from colleagues and citizens, with no involvement of an external actor.

4 Conflict of (private and public) interest through 'gifts'

The interference (or potential interference) of personal interest with public/organizational interest because of gifts, services, or assets accepted or promises made.

5 Conflict of (private and public) interest through sideline activities

The interference (or potential interference) of personal interest with public/organizational interest because of jobs or activities practiced outside the organization.

6 Improper use of authority

The use of illegal/improper means or methods (sometimes for "noble causes").

7 Misuse and manipulation of information

The intended or unintended abuse of (access to) information, such as cheating, violation of secrecy rules, breaching the confidentiality of information, or concealing information.

8 Indecent treatment of colleagues or citizens and customers

Unacceptable treatment that includes discrimination (based on gender, race, or sexual orientation), intimidation, and sexual harassment, as well as improper behavior like bullying, nagging and gossiping.

9 Waste and abuse of organizational resources

Failure to comply with organizational standards and/or improper performance or incorrect/dysfunctional internal behavior.

10 Misconduct in private time

Conduct during private time that harms people's trust in the (public) organization.

Source: Huberts et al., 1999; Huberts, 2007; Lasthuizen, 2008; Lasthuizen et al., 2011

2.11 Corruption: bribery

In this typology, corruption is the abuse of powers for private gain involving external interests. Two types are distinguished: Type 1 (bribery) and Type 2 (favoritism). Bribery presupposes that a functionary is acting in the interest of a third actor because of advantages promised or given. In other words, even though the bribes may have been offered to the individual, the functionary may also have asked for them.

2.12 Corruption: favoritism (nepotism, cronyism, patronage)

The advantages promised or given to the corrupt functionary can also take the form of indirect personal gains, as when family or close friends (nepotism), friends or peers (cronyism), or a party or one's organization (patronage) are favored. Although this category of corruption may seem less serious than bribery, it must still be recognized as an integrity violation, also because it may well be widespread within the organization. Specific examples of such violations are the favoring of friends or family outside the organization, consulting confidential files for former colleagues (all too familiar within the police force), and favoritism by superiors.

2.13 Fraud and the theft of resources

When employees not acting in the interests of a third party acquire improper private gain from the organization, colleagues, or citizens, they are committing fraud or theft. Thus, fraud and theft manifest as the use of organizational resources and working hours for private purposes and the stealing of organizational property.

2.14 Conflict of (private and public) interest through "gifts"

A central element in this category is the interference (or potential interference) of personal interest with public/organizational interest because of gifts, services, or assets accepted or promises made. Many scandals in Western

countries do not directly concern a tit-for-tat relationship between an official and an external actor (with favors in decision-making); much more often, politicians and public servants get into trouble because of an accusation of (appearance of) conflict of interest through favors that (might) influence their decisions.

2.15 Conflict of (private and public) interest through sideline activities

This violation concerns the interference (or potential interference) of personal interest with public or organizational interest because of jobs or activities practiced outside the organization, an external involvement that can lead to intermingling and conflicts of interests. Examples include a member of parliament and spokesman on sports who is also a member of the board of a large national subsidized baseball association, or the police officer working as a security guard in private time (i.e., moonlighting), which is common practice in some countries, but is seen in the Netherlands as morally wrong because personal connections with a security company could influence or endanger police work.

2.16 Improper use of authority

This category involves misusing power/authority to achieve organizational goals. This violation, includes so-called noble cause corruption (Crank and Caldero, 2000, pp. 63–114) and framed by Punch (1985; 2009, p. 33) as "deviance for the organization," concerns bending rules and regulations and violating policies, procedures, and the law to "get the job done," achieve quotas, and promote organizational ends and effectiveness.

2.17 Misuse and manipulation of information

The abuse of access to information covers a variety of behaviors, including public officials' lying, cheating, manipulating, concealing information, or breaching confidentiality, as when, for example, a police officer stretches the truth about the facts of a case.

2.18 Indecent treatment of colleagues or citizens and customers

The indecent treatment of others includes not only discrimination (based on gender, race or sexual orientation), intimidation, and sexual harassment, but also improper behavior such as serious bullying and nagging. The victims might be colleagues or citizens and customers of the organization.

2.19 Waste and abuse of organizational resources

The waste and abuse of organizational resources include failure to comply with organizational values and standards, as well as serious improper performance and incorrect or dysfunctional internal behavior. Such violations are typified by falsely calling in sick or careless use of an organization's property.

2.20 Misconduct during private time

The typology also addresses misconduct in private time – not only private crime and offenses, but also (the double standard of) conduct that is not necessarily blameworthy if performed by others but violates the higher normative expectations for public servants (Neyroud & Beckley, 2001, p. 89). Accordingly, this category covers a difficult gray area, which includes such behaviors as the excessive use of alcohol, soft drugs and hard drugs in private time; alleged violence in the home; and contact with criminals in private time.

2.21 Context: governance

In our frameworks, we often refer to government or governance, but how do (public) corruption and integrity relate to research and insights on governance in particular (Kjaer, 2004; Bevir, 2009)? In general, governance refers to "authoritative policy-making on collective problems and interests and implementation of these policies" (Huberts, 2014, p. 68). Public governance, specifically, tackles social problems and issues through action, not only by public actors but also by private actors or networks involving both. The definition refers explicitly to policymaking as well as to policy implementation, which makes it challenging to relate governance to familiar bodies of knowledge on the political system and the policy process (Easton, 1979).

A systems approach focuses on the input, throughput, output, and outcome of the political and administrative system. The policy process model explicitly distinguishes between agenda building, policy preparation, decision-making, and decision-taking, implementation, evaluation, and feedback. In all phases, ethics and morality play an important but often underestimated role. This leads to a bit of reflection on the state of the art of governance studies as well as us as integrity and corruption researchers.

The importance of integrity and corruption is in our view underestimated in governance studies, which seems to be related to the focus in those studies. Many scholars tend to concentrate on input and output, forgetting the throughput phase. Such neglect of throughput is exemplified in the literature on the legitimacy of political or governance systems, which treats input and output legitimacy as the basics of the legitimacy of the political order in democracies (Scharpf, 1999; van Kersbergen & van Waarden, 2004). As a result, many aspects of the integrity of governance, including corruption, which relate to how politicians and civil servants operate in that phase, are overlooked.

Ignoring throughput legitimacy is a serious problem for two reasons. First, there is overwhelming evidence that the quality of governance in the throughput phase is crucial for the problem-solving quality of the output (output legitimacy). For example, Rothstein (2011) concluded that the success of policies in terms of the resulting quality of life depends primarily on the impartiality of the governance process. The second reason refers specifically to the consequences of the legitimacy or integrity of the throughput process. Individuals and communities are willing to accept the results of a process that has integrity, even when they disagree with the content of the resulting policies. This willingness is amply supported by theory-based research on procedural and substantive justice: a process that is considered just leads to tolerance about the outcome, even when someone's own interests are damaged (Tyler, 2007; Vigoda-Gadot, 2007). Van Ryzin (2011, p. 755) analyzed the relationship between process, outcome, and trust in civil servants, and concluded: "As the results of this study show, public perceptions of the trustworthiness of civil servants depend not just on the extent to which government succeeds at delivering outcomes to citizens, but on getting the process right by treating people fairly, avoiding favoritism, and containing corruption."

These brief observations should teach us a lesson in governance studies; the throughput phase may be more important for the legitimacy of government and governance than input legitimacy or output legitimacy. It also brings along lessons for our research on corruption and integrity. What elements and phases and what actors are we addressing?

Integrity and corruption are concepts that focus on the moral quality of the behavior of the participants in the policy/governance process. It does not concern the policy content; rather, it concerns behavior, process, and procedure (in a broad sense). This is not to deny that many important ethical controversies and debates concern policy content, often stemming from intense feelings about the rights or wrongs of certain policy areas (e.g., war and peace, abortion, euthanasia) and frequently fueled by religious convictions. This focus, however, should not distract us from the fact that all policy areas involve choices about good and bad, about social equity, social justice, and other crucial values. The ethics of the content of decisions, policies, and laws, however, is the subject of policy ethics, a sub-discipline of public ethics, whose several subfields include environmental ethics and the ethics of war. Policy ethics focuses specifically on the consequences or results of policy, which, of course, are crucial for both citizens and society.

It is, however, important to distinguish between policy content and policy process, because the central topic of this chapter (and book) refers to the policy process, that is to say how policy is made and implemented. This process includes the input phase of agenda building, the throughput phase of policy preparation and decision-making, and the output phase of decision and policy implementation and evaluation. In all these phases, the different actors operate guided by moral values and norms within an institutional framework, which also contains moral values and norms. The phases of the policy process bring in different values on how to operate, and these values differ for politicians and categories of public servants.

The variety of phases and categories of actors leads to the suggestion to distinguish more clearly in our research between categories of governance ethics and integrity (and corruption). Given the previous concern, we concentrate on the governance process. Decision-making ethics concerns the moral norms and values related to the preparation and making of decisions. Which values and norms are at stake in that process? How important, for example, are legitimacy, incorruptibility, accountability, and transparency? A distinction can also be made between the preparation of decisions (by administrators and advisers – so-called administrative ethics) and the taking of decisions (by the political and administrative elite or what can be called elite ethics). Hence, elite integrity refers to the actual behavior of the makers and takers of the decision (the opposite being grand corruption). Other important questions include which moral values and norms they were led by during this behavior and whether these correspond with the relevant ethics. For example, did they violate the law or applicable codes of conduct or more informal norms, thereby constituting an integrity violation (judgments always depend on the context)?

Implementation ethics refers to the moral values, norms, rules, and procedures for the actions and behavior of the people and organizations responsible for implementing policies. Implementation ethics, or street-level ethics, clarifies what is morally acceptable during specific activities; for example, in a police context, they would concern the values and particularly the norms on interrogation, taking prisoners, gathering intelligence, handling arrests, or reacting to suspected violence. Hence, street-level integrity relates street-level ethics to street-level performance: How do policy implementers actually operate; what are their operational moral values and norms; and do these coincide with implementation ethics? If there are contradictions between the relevant and actual morals, actors are committing an integrity violation. Such integrity violations can be distinguished into many types, all of which are relevant for elite, administrative, and street-level integrity and corruption.

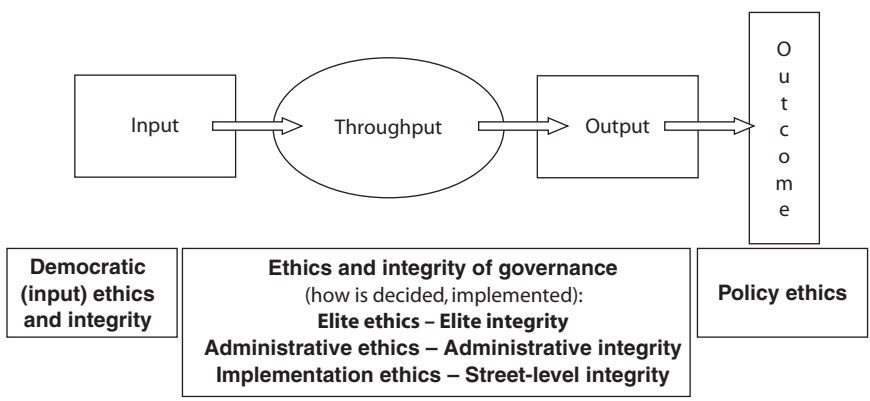

Figure 2.1 Ethics and corruption of governance.

When we reflect on corruption in different parts of the world, as in this book, it might help to differentiate more clearly between types of corruption. Systems or countries or continents are confronted with varying types of corruption or integrity problems. We would suggest that all violations are present everywhere, but the prominence and dominance differ. We should then consider more clearly what type of integrity violation is present in what phase of governance; for now, our hypothesis is that it matters whether political and governance contexts are characterized by

- serious corruption in all segments of governance (elite, administrative, and street-level)
- dominance of primarily grand or elite corruption, fraud, and theft
- primarily favoritism and conflicts of interest at different levels in the governance system
- integrity violations and (petty) corruption primarily at the street level
- low levels of corruption and integrity violations at all governance levels.

This might lead to progress in our theories on the causes, content, and consequences of different types of corruption dominant in different countries/states/continents.

2.22 Conclusions on the dark side of governance

Much work has been done on the dark side of governance, very often with corruption at the center and, much of the time, very broadly defined, due to the common application of the corruption label in both everyday language and policy and research, to a multiplicity of "wrong" behaviors. When an integrity violations approach is used that labels specific violations as corruption; however, the interpretation becomes more specific.

It is our sincere hope that such an extended typology will contribute to greater clarity, not least because it has been validated in empirical research. The typology includes types of corruption (bribery, favoritism), fraud and theft, conflict of (private and public) interest, misuse of authority and information, indecent treatment, waste and abuse of resources and misconduct in private time. Also, it seems relevant to relate our corruption and integrity more clearly to the different phases of the policy process and governance. The focus in an integrity violations (and corruption) framework is on the process of governance, not on the content of policy.

As cultural relativists, we recognize that what is relevant for moral quality of governance will vary in different social and cultural contexts. This opens up a research agenda to find out more specifically what integrity dilemmas, problems, and violations are dominant in different governance processes and systems. We expect that all violations are present everywhere, but that their prominence, dominance, and acceptance differs. That might open up a research agenda on the causes, content, and consequences in different contexts as well as may bring

about what type of policies might help to curb corruption and improve integrity.

Notes

1 The chapter builds on Huberts (2014) and in particular on Huberts and Lasthuizen (2014).
2 See Garofalo's previous chapter in this book on the definitions of corruption as well as for example Caiden (1988, 1991); Klitgaard (1988); Newburn (1999); Rose-Ackerman (1999); Crank and Caldero (2000); Caiden, Dwivedi, and Jabbra (2001); Heidenheimer and Johnston (2002); Bull and Newell (2003); Johnston (2005); Lawton and Doig (2006); Campos and Pradhan (2007); De Sousa, Larmour, and Hindess (2009); De Graaf, Von Maravic, and Wagenaar (2010); Graycar and Smith (2011).
3 We draw on the brief definitions given on this site and then add to and/or reflect on these. We realize, of course, that many colleagues doubt the validity of Wikipedia as a source in scientific work; however, in this case we consider it a useful framework for relaying an impression of the broadness of the corruption concept and the variety of the behavior considered corrupt.
4 At VU University, Stephan Berndsen investigated a variety of cases in which (lack of) government action led to injuries and deaths in the Netherlands. Was it error, corruption, crime or evil? The brief sketch presented here draws partly on his work. (see also Berndsen, Huberts, & Van Montfort, 2009).
5 See Vardi and Weitz (2004); Robinson and Vennet (1995).
6 For more extended texts on this topic, see Huberts, Lasthuizen, and Peeters (2006); Huberts (2007).
7 The data is based on investigations in 1999–2000. The total percentages exceed 100 per cent because the same investigation can address more than one form of misconduct. Later research resulted in comparable results.

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Part II

Fighting corruption and restoring public trust and accountability in a regional context

A Africa: Southern Africa and Western Africa

3 Anti-corruption agencies as tools for fighting corruption in West Africa

The Nigerian example

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3.1 Introduction

In the last couple of years, many West African states have taken significant measures aimed at eradicating corruption, an endemic virus that has undermined the region's social, economic, and political development for decades. In Nigeria, these measures reached unprecedented heights under the administration of President Olusegun Obasanjo, a former military ruler, who returned to power in May 1999 following a successful transition from military to civilian rule. During his time in office, several anti-corruption initiatives, including new anti-corruption agencies (ACAs), were put in place to help curb corruption. As in other West African states, however, these measures produced a very limited impact on corruption. As a result, the issue of corruption has remained a subject of intense debate within and outside Nigeria.

Most discussions on the fight against corruption in Nigeria and West Africa have generally centered on the imperative of having effective ACAs that would lead the offensive against corruption. Indeed, when these agencies were introduced in Nigeria, the expectation was that their activities would ultimately lead to a sharp drop in the incidence of corruption, through the speedy arrest and prosecution of corrupt public officials. However, this optimism, which was primarily informed by the relative success of similar bodies in countries such as Hong Kong and Singapore, has turned out to be largely misplaced.

This chapter discusses the challenges facing West African ACAs drawing from the Nigeria experience. Focusing specifically on the period from 1999–2007, the chapter will critically review the activities of Nigeria's two most important anti-corruption agencies, showing how they became overwhelmed by the intractability of the malaise they were set up to cure and a socio-political environment that is very conducive to its spread. The central argument in this chapter is that issues of inadequate capacity and limited political support often undermine West African ACAs, such as those in Nigeria. These challenges need to be addressed if any appreciable successes are to be recorded. The chapter is divided into four main sections. The first section examines the meaning of the concept of corruption, its scope, and causes in Nigeria and West Africa. The second presents a review of the experiences of two leading ACAs in

Nigeria. The next section analyzes the key challenges of the ACAs. The fourth and final section offers some concluding remarks.

3.2 Corruption and neo-patrimonial politics in Nigeria

Any analysis of an anti-corruption program in a given country requires that the concept of corruption itself first be clarified and its causes and devastating effects explained. What is corruption? What factors drive it in a country like Nigeria or make its elimination almost impossible? Finally, what factors account for the permanent and preeminent position of policies devoted to dealing with it on the national policy agenda in Nigeria?

3.3 Conceptualizing corruption

Despite all the attention corruption has attracted, the search for a common and all-embracing definition has remained elusive (Holmes, 1993, p. 67). There are at least two explanations for this problematic. First, corruption is expressive of a multitude of deviant behaviors. Consequently, attempts to offer a precise definition have tended to confuse corruption with other related offenses. On the other hand, attempts to produce a more simplified definition have produced the opposite effects: definitions that exclude several important corrupt practices. Second, the meaning or understanding of corruption does often vary from one culture to another and even within the same culture over time. Generally, attempts at defining corruption by contemporary social scientist have tended to follow three broad paths or models. In the first category, corruption is linked to the performance of the tasks of public office; these are the public-office-centered definitions. These definitions, as illustrated in the works of Bay1ley (1966), Myrdal (1968), Mcmullan (1961), Nye (1967), and others, reflect how public officials abuse public confidence and their powers in order to draw personal benefits, which are not necessarily material, at the expense of members of the public. In the second set of definitions, corruption is linked to the concept of exchange based on the theory of the market (market-centered theories). These definitions, discussed extensively in the works of Leff (1964), Van Kluveren (1989) and others, highlight how officials convert public positions into enterprises for the maximization of revenues (through bribery and extortion for instance), in the same way, entrepreneurs seek to maximize profits from their investments. Finally, in the third group, corruption is associated with the concept of public interest (public-interest-centered definitions). This perspective, which features prominently in the writings of Fredrick (1989), Etzioni (1984), among many others, can be contrasted from the first sets of definitions, that is to say the public-office-centered definitions, to the extent that they insist on the abuse of authority in the service of clients, clannish or other narrow primary groups' interests and objectives, which are neither specifically nor necessarily egoist from the point of view of the officials concerned.

Two critiques can easily be made against these definitions. The first is that the notion of corruption cannot be justifiably restricted to public officials alone, as all three categories of definitions have tended to suggest. To do so, as Dommel (2003, p. 10) has rightly argued, will ignore similar abuses in the private sector. Second, none of these three sets of definitions is comprehensive enough to offer a useful guide to our understanding of corruption in places like Nigeria, where the phenomenon is multifaceted. Each definition expresses only a particular dimension or manifestation of corruption. The best approach will be to search for a definition that avoids such limitations, or at the very least combines and integrates the three to arrive at a more inclusive, exhaustive and useful definition necessary for analyzing the type of corruption observable in countries such as Nigeria.

This author supports the definition offered by Khan (1996, p. 12), which views corruption as "any act which deviates from the rules of conduct, including normative values, governing the actions of an individual in a position of authority or trust, whether in the private or public domain, because of private – regarding motives, (that is non-public or general) such as wealth, power, status etc." Khan's definition is useful for analyzing corruption and anti-corruption reforms in Nigeria for many reasons. It captures the most important, if not all, dimensions of corruption in the country. Most importantly, it is devoid of value judgment, having been constructed on empirically verifiable and measurable criteria: an act is corrupt if it involves an individual holding a position of authority, trust or responsibility, whatever may be the domain or sector of activity (public or private); contravenes any rule, law or regulation, including existing norms and values of a community or an institution; and is done intentionally to advance narrow private interests and/or objectives, whether they are material or not.

3.4 Magnitude and effects of corruption in Nigeria

While corruption is hardly the preserve of any region, in Nigeria it permeates all levels and layers of society. It also incorporates numerous acts ranging from bribery, extortion, falsifications of accounts and official records in the public service, the stuffing of payroll with the names of ghost workers, over-invoicing of goods, foreign exchange swindling, to hoarding and smuggling. Other acts of corruption include the illegal acquisition of public assets, such as land and buildings, the illicit transfer of funds and money laundering by officials, nepotism, and influence peddling. It also manifests in frauds, including diversion of depositors' funds, taking place in private banks, and even electoral malpractices by civilian politicians.

These acts are promoted and sustained by people in both low and high positions. However, the elites who see their positions as an opportunity to enrich themselves and their circle of loyalists, who could then be relied upon in any future political battle, are better placed to commit corrupt acts. The propensity of Nigerian elites to see public office as an avenue for primitive accumulation has been comprehensively documented in several official inquiries. For example,

an inquiry in 1962 showed how politicians of the first civilian republic (1960–1966) used marketing boards to divert millions of pounds either to their pockets or to their political parties (Federal Republic of Nigeria, 1962). Such large-scale corruption was among the reasons given by military officers who overthrew the regime on January 15, 1966. The second civilian regime of President Shehu Shagari (1979–1983) suffered even worse forms of corruption. Immediately after the Shagari regime collapsed, following a December 31, 1983, military coup, a tribunal was set up to try some of the worst offenders and recover their ill-gotten wealth. At least 51 public office holders, including governors, ministers, permanent secretaries, and others, were convicted for embezzlement and other abuses of public office on a grand scale (Federal Republic of Nigeria, 1986).

Successive military regimes, which dominated the country's political scene following the fall of the two previous civilian administrations, were unfortunately even more adept in corruption. According to the reports of the numerous inquiries established following the overthrow of the Yakubu Gowon administration in 1976, top military officers and their civilian allies in the Gowon government had enthroned what could be described as a general privatization of state assets. In one report alone, 10 out of 12 state military governors were indicted for corrupt enrichment (Federal Republic of Nigeria, 1977). The massive scale of official fraud in Nigeria was underlined by yet another official inquiry instituted into the finances of the Nigerian Central Bank in 1994. The report indicted the Babangida administration (1985–1993) for filtering away some $12 billion of "excess" oil revenue, which accrued to the nation during the first Gulf war (Agbese, 2005). Ironically, General Sani Abacha, who inaugurated the inquiry, is known to have himself pocketed some $6 billion between 1993 and 1998 when he ruled Nigeria. Much of these funds came directly from the vaults of the Central Bank of Nigeria or kickbacks paid by a network of foreign oil companies operating in the country (Newsweek, 2000). A similar inquiry set up in 1999 following the return to civil rule, also indicted General Abdusalami Abubakar (1998–1999), Abacha's successor, and his aides, for "awarding inflated contracts [worth billions of dollars] … usually to firms in which top members of the regime had substantial interests" (Federal Republic of Nigeria, 1999).

In terms of its effects, corruption is now widely regarded as the biggest obstacle to sustainable economic development in developing countries (World Bank, 2000). Nowhere is this more obvious than Nigeria, Africa's most populous nation, where the devastating effects of official plunder are very visible in virtually every sector of national life. At the political level, corruption has been the number one obstacle to democratic development and political stability, as previous attempts to consolidate democracy were undermined by military coups staged by a section of the army that often alleged massive corruption by civilian politicians. The country's international image and diplomatic relations also suffered because it frequently appeared at the top of the table of the world's most corrupt nations.

At the economic level, the cancer of corruption has even been more catastrophic. Despite abundant natural resources, Nigeria ranks among the world's

poorest nations. Much of the proceeds from the country's oil wealth have either been stolen or misapplied. According to some accounts, over $400 billion have been lost to corruption since 1999 (The Economist, 2006). Consistent association with corruption ensured that the country was until recently marked by massive capital flight, lack of foreign investment, crushing external debt, decaying infrastructure, mass unemployment, and endemic poverty. Statistics from domestic and international sources confirm the economic effects of corruption in Nigeria. According to a 2004 United Nations Industrial Development Organization (UNIDO) report, Nigeria, with over $100 billion in private capital held overseas in 1999 (representing around 70 percent of total private capital) suffer the most from capital flight in sub-Saharan Africa (Adesina & Madunagu, 2004, p. 1). This amount excluded some $63 billion in nonmonetary assets held by Nigerians abroad. Until recently, Nigeria was struggling to be considered as one of the "highly indebted poor countries" (Enweremadu, 2012, p. 4), deserving to be considered for debt cancellation. After accumulating $36 billion in external debts in 2006, she managed to secure favorable treatment from the Paris Club, which wrote off $18 billion. This was after she paid a whopping $12.4 billion and agreed to continue a broad range of economic and anti-corruption reform policies.

Although Nigeria managed to repay almost all of it debts and even accumulated over $40 billion in external reserves, thanks to rising oil price and external generosity, some other socioeconomic consequences of decades of corruption deserve to be mentioned. An independent estimation of poverty levels (those living on less than a dollar a day) in the country stood between 60 and 70 percent in 1999 (Federal Office of Statistics, 2005, p. 65), although recent figures are much lower, standing at 54.4 percent in 2004. This is still very high compared to past figures. It was only 27.2 percent in 1980, 46.3 percent in 1985, and 42.7 percent in 1992 (ibid.). According to the same official sources, the national literacy level for men in 2004 was only 50.67 percent. The figures, at 37.75 percent, were even more pathetic in the case of women (ibid.). Other indices of human development follow similar trends. According to a World Bank country profile, per capital income in Nigeria stood at $390 in 2004, well below the African average in the same period ($600), and even Nigeria's per capita income in 1980 ($1,000). Similarly, life expectancy was said to be only 44.9 years only (www.worldbank.org.).

The impact of endemic corruption on public order and social cohesion has been considerable as well. According to a 2006 World Bank report, Nigeria figures among 25 countries classified as "Low Income Country Under Stress" (LICUS). According to the organization, LICUS are states characterized by lack of security, fragmented social relations, massive corruption, deterioration of public order, absence of mechanisms for legitimizing political power, a yawning gap in investments, and limited public resources for development (World Bank, 2006). Nigeria, where politicians frequently exploit widespread poverty among the population and ethno-religious differences to further their selfish political interests, has also been dogged by frequent ethnic and religious conflicts. This

has left thousands of innocent people dead or displaced, engendering a general atmosphere of social insecurity and disorder (Human Rights Watch, 2006).

However, the key question that needs to be addressed is what factor or factors account for the high level of corruption in Nigeria. This will be addressed in the next section of the chapter.

3.5 Neo-patrimonialism and the rise of corruption in Nigeria

A large number of theoretical models explaining the causes of corruption exist. These include the developmental/modernization theory, which links corruption to the crisis of modernization characteristics of countries at the initial stages of development (Huntington, 1989); the functionalist theory, which sees corruption as a form of grease that lubricates the complex wheels of public bureaucracies in countries where such institutions are inefficient (Leff, 1989); and the public choice perspective/principal-agent theory, which views widespread corruption as the result of excessive state involvement in the economy that creates a culture of rent-seeking, excessive monopoly and discretion (Mbaku, 2002; Klitgaard, 1995). Other models include the sociocultural approach, which highlights the importance of traditional cultural values and practices (Epko, 1979; Smith, 1979; Levine, 1989) and the political economy approach, which points to the centrality of the state (the only source of accumulation), the nature of the economy and the process of class formation (Joseph, 1987; Graf, 1988; Forest, 1993).

From Africa's perspective, these approaches will appear, at best, unidirectional, each focusing on only one aspect of corruption. In contemporary Africa and Nigeria in particular, corruption and its daily manifestations present characteristics and logic that are neither exclusively economic nor cultural, or even legal (Médard, 1998, p. 55). Thus, a more inclusive theoretical approach, which takes into account the major aspects of corruption in contemporary Africa, including politics and history, will be essential. The neo-patrimonial framework, which is proposed here, satisfies that condition.

Neo-patrimonialism's concept and application to the analysis of corruption in Africa owe much to the writings of scholars like Médard, Jackson, Rosberg, Bayart, Sandbrook, Van de Walle, Bratton, Daloz, Kempe, among others (Bayart, 1989; Daloz, 2002; Médard, 1998; Jackson & Rosberg, 1998; Sandbrook, 1985; Bratton & Van de Walle, 1994). However, its origin can be traced to Weber's concept of patrimonialism, which describes a specific style of authority in so-called 'traditional societies' where a 'big man' dominates essentially through personal power and prestige, and whose followers were treated as integral parts of his household. Largely personalized, authority is determined by the preferences of the big man, rather than by any codified system of law. In order to ensure political stability, and by extension personal survival, he must then turn to the selective distribution of favors and patronage to his followers, who constitute his clientele (Weber, 1968; Bratton & Van de Walle, 1997, p. 62). Weber contrasts this with a rational-legal bureaucratic system, the later resting, according to him, strictly on formal rules (ibid., p. 63).

Weber's notion of patrimonialism and the legal-bureaucratic system are ideal cases. In reality, states can combine both features, as is the case in most post-colonial African states where formal and subjective differentiation between private and public domains (characteristics of all legal-rational bureaucratic systems) (Médard, 1998) cohabits with informal, but widespread private use of state resources to service patron-client ties (Van de Walle, 2001; Lewis, 1996, p. 99). In other words, in Africa, instead of strict separation, we see a varied degree of confusion between the private and public domains. This hybrid system is explained by an interaction between some surviving precolonial cultural norms and practices (village patrimonialism) and colonial legacies like the conception of the state as "no-man's-property" and a legitimate instrument of primitive accumulation, conflict between traditional and legal-rational bureaucratized norms and values, and an extreme version of authoritarianism (Osaghae, 1998; Ekeh, 1975; Lewis, 1998; Van de Walle, 2001; Chazan et al., 1992; Kroze, Vitario, Geltner, 2018).

Neo-patrimonial rule encourages the worst forms of corruption, including inflation of public contracts and a proliferation of unviable projects, massive private appropriation of state resources, capital flight, nepotism, favoritism, and bloated public bureaucracies, electoral fraud and violence, as we often see when political elites jostle to draw advantages to themselves and their clients. Nigeria, where politics or public office is not about service to the people but an opportunity for public officials and their supporters to "chop" (eat), no doubt presents many of these forms of malfeasance. Many people in the country, including highly placed individuals, regularly allude to this in their speeches or discussions. In 2003, one minister in Obasanjo's cabinet openly reminded another that he was "merely invited to come and chop," in an apparent reference the regime's benevolence, given the fact that the community of the minister in question did not vote for the governing party (People's Democratic Party) during the last elections. In a similar outburst, some individuals had petitioned the Senate over the nomination of "one of their sons" as minister, complaining that his nomination was a violation of their ethnic group's (Tiv) "spirit of eat and give your brother to eat" (Enweremadu, 2006, p. 48). They pointed out that the individual had been appointed Senate president and minister on two occasions in the past. Clearly, as far as many people in Nigeria are concerned, appointments into government offices are nothing but an opportunity to chop, and any anti-corruption campaign in such environment will certainly be met with stiff opposition from these entrenched interests.

3.6 Establishment of anti-corruption agencies in Nigeria

Giving corruption's huge impact on the social, economic, and political life of Nigeria, successive regimes had designed and implemented various anti-corruption initiatives. However, the country's continued poor rating in global surveys of corruption indicated that these measures did not produce any meaningful results. This meant that President Olusegun Obasanjo's 1999 arrival, and

indeed his whole tenure in office, was marked by strong domestic (Smith, 2007) and international demands for new and more effective anti-corruption strategies (Enweremadu, 2012). These pressures led to the creation of the Independent Corrupt Practices and Other Related Offences Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC), inaugurated in 2000 and 2003, respectively. Both agencies have as their major tasks the investigation and prosecution of corruption cases. They were also expected to mobilize the public behind the anti-graft campaign. Their wide powers, relatively extensive administrative structures, and presidential support set them apart from similar institutions created by past regimes in the country; so did the relatively high international support they enjoyed. In the end, however, all these proved inadequate to guarantee effective anti-corruption institutions. However, before examining the performance of these institutions, a brief discussion on their origin, institutional format, and powers is in order.

3.7 The Independent Corrupt Practices and Other Related Offences Commission (ICPC)

On July 13, 1999, barely six weeks in office, President Olusegun Obasanjo presented a bill entitled *Corrupt Practices and Other Related Offences Bill 2000* to the National Assembly. The bill outlawed many forms of corruption in the public sector, including bribery, fraud, and the embezzlement of public funds. Most importantly, it provided for the ICPC to coordinate the war against corruption. This commission was inaugurated on 29 September 2000.

Like some other ACAs around the world, the ICPC was endowed with very extensive powers and a relatively robust administrative structure. According to Section 3 of the Act, the agency was to be headed by a chairperson, who has held or is qualified to hold office as a judge of a High Court. The commission would also have 12 other men and women of no less integrity, all nominated by the president and confirmed by the Senate. The commission would have an administrative headquarters in Abuja, the federal capital, and subsequently branch offices in all the 36 states of the federation. The commission also had the powers to appoint, dismiss, and exercise disciplinary control over its staff, which stood at 271 in July 2006. In terms of organization, the commission was divided into departments and committees that are charged with the responsibility of carrying out different aspects of its duties. Concerning the committees, there were three of them. The first dealt with investigations and prosecution; the second was on the study of the systems, practice, and procedures in parastatals, public institutions and the like, with a view to identifying areas that may lead to corruption and advising the relevant institutions on how to minimize them. The third focused on public enlightenment and education. Each committee had a member of the commission as its chairperson. These elaborate structures and extensive powers, according to the authorities, were meant to assist the agency to cope with the vast responsibilities it was to shoulder.

The responsibilities of the ICPC, on the other hand, were provided in Section 6(a) to (f) of the *ICPC Act*, and they included: to receive and investigate complaints from members of the public on allegations of corrupt malpractices and in appropriate cases prosecute the offenders. It would also examine the practices, systems, and procedures of public bodies, and where such systems aid corruption direct and supervise the review and instruct, advise and assist any officer, agency, or parastatal on the ways fraud or corruption may be eliminated or minimized. Others included advising heads of public bodies of any changes in practices, systems, or procedures compatible with the effective discharge of the duties of public bodies to reduce the likelihood of corruption and related offences. Finally, the ICPC would educate the public on corruption and related offences and enlist their support in combating corruption. The act, in sections 27 to 42, granted the commission wide powers to perform its duties, including the powers to investigate, search, seize properties and arrest, if it deems that to be necessary or can facilitate its work.

With respect to offences and sanctions, sections 8 to 26 created a wide range of punishment for offences, which included acceptance of gratification by an official; corrupt offers to public officers (e.g., by private individuals); corrupt demand by persons; offences relating to corrupt and fraudulent acquisition of property; awarding of contracts without budget provision, approval and cash backing and transfer, or the spending of money for a particular project or service on another project. Others were penalties for offences committed through the postal system; deliberate frustration of investigation by the Commission; making false statements or returns; gratification by and through agents; and bribery of public officers. There was also the offence of using an office or position for gratification; bribery in relation to auction; bribery for giving assistance etc. in regard to contracts; failure to report bribery transactions; dealing with, using, holding, receiving or concealing gratification and making of statements which are false or intended to mislead and attempts for conspiracy. The penalties for these offences ranged between one and ten years' imprisonment with the option of a fine.

As if realizing the crucial role of an effective legal and criminal justice system in the fight against corruption, the act also made provisions for certain unique clauses to facilitate prosecutions, like special judges of the High Court, be designated to try only corruption cases in order to accelerate the speed of trials (S.26(2), S.61(3)); the protection of witnesses and their evidence (S.64); and presumptions in certain cases, notably being given or receiving of gratification, which could be presumed to have been done for a corrupt motive once proven (S.53, S.54). It also provided that evidence would not be admissible to show that gratification is customary in any profession, trade, vocation, or calling or on a social occasion (S.60).

The scope of responsibilities conferred on the ICPC and the offences and special clauses created under its act is as clearly unprecedented in Nigerian history. Similar bodies or laws adopted in the past did not have anything close to that. The offences cover most forms of corruption common in Nigeria, while

the special clauses if properly applied, had the potential to ensure that corrupt persons will have very few loopholes to exploit.

However, the wide scope of responsibilities, offenses, and special clauses created under the *ICPC Act* notwithstanding, the legislation still contained some very important loopholes. One was its limited scope, having deliberately excluded several criminal acts taking place outside the public sector (bank fraud, money laundering, tax fraud by private firms, etc.). The second was its preoccupation with crimes committed after the passage of the *ICPC Act*. This implied that offenses committed before July 2000 might never be investigated or resolved. This contrasted sharply with what was obtainable in places like Hong Kong and Singapore, where the idea of an effective anti-corruption agency largely originated (Klitgaard, 1988). Third, ICPC can only investigate when a complaint is received from any member of the public. Again, this was not the case in places like Hong Kong or Singapore, where anticorruption commissions could investigate and prosecute anyone suspected of corruption with or without petition (ibid.).

As it soon emerged, some of these loopholes, in addition to lack of political support, laid the ground for a poor performance. For that, the Obasanjo government came under intense public criticism and international pressure, notably from the Financial Action Task Force (FATF), which threatened to impose sanctions if perceived shortcomings in Nigeria's anti-corruption legislation were not immediately corrected (TI, 2004, p. 224). These pressures explain, in some way, the hurried decision to create the EFCC. The question would then be what impact did the EFCC have? Would the EFCC itself not be constrained by similar factors that had undermined the ICPC? Indeed, why would the government think it was better to create yet another agency instead of strengthening the capacity of the existing institution? Before attempting to respond to these questions, it would perhaps be interesting to know what the EFCC itself looks like.

3.8 The Economic and Financial Crimes Commission (EFCC)

By the time President Obasanjo completed his first tenure in May 2003, it had become clear that many important reformers, both within and outside the country, had lost patience with the slow pace of his anti-corruption campaign, especially the work of the ICPC, which had only produced a few arrests and convictions. The idea of a second anti-corruption body had already started to make waves in the media and official circles at this time. The fact that the administration needed to review its strategy was never in doubt. What was not very clear was why a new agency was considered a better idea, instead of strengthening the ICPC, which was already in existence. The government itself did not give any official reason. However, many probable reasons could be contemplated. First, many Nigerians were calling for a new anti-graft body, having become disillusioned with what was perceived as an existing "toothless bulldog"

(a familiar way to deal with nonperforming institutions). Second, and as will be demonstrated later in the chapter, even if the administration had contemplated any institutional reform to strengthen the ICPC, which should have been the better option, such a move would have been opposed by the federal legislators who had become suspicious of the *raison d'ètre* of that institution. Furthermore, as Nuhu Ribadu (2004), the former head of the second anti-corruption body argued, a good number of Nigerian political leaders also believed that given the scale of corruption in Nigeria, even ten ACAs would not be too much.

Whatever may be the ultimate reason, the EFCC became a reality in April 2003. Its powers and responsibilities, as detailed in Section 6 of the *EFCC Act*, included conducting investigations into crimes of a financial and economic nature (including corruption), and arresting and prosecuting the perpetrators of such crimes. The Commission would equally enforce other previously existing laws touching on economic and financial crimes, and any other law or regulation relating to economic and financial crimes, including the criminal and penal codes. The EFCC was also enjoined to take all necessary proactive measures to prevent and eradicate economic and financial crimes in Nigeria. This included responsibility for identifying, monitoring, freezing and confiscating proceeds from criminal activities (funds and properties) such as terrorism, financial and economic crimes and collaborating with similar institutions abroad, especially in the area of research, investigations, training, and exchanges of personnel, extradition, and prosecutions of offenders. Finally, the EFCC was to ensure the coordination and maintenance of close ties with all the institutions charged with investigating economic and financial crimes, such as the Ministry of Justice, Customs, Immigration, Prisons, Central Bank of Nigeria, and the National Drug Law Enforcement Agency (NDLEA) to mention but a few. Another important task assigned to the Commission was to educate and enlighten the general public and solicit their support for the war against economic and financial crimes.

The almost unlimited powers of the EFCC to fight corruption were therefore never in doubt, especially when compared to the ICPC. Apart from its powers to coordinate all the other regulatory and security agencies involved in the eradication of economic and financial crimes, the powers of the EFCC differ from those of the ICPC in at least two important ways. In the first place, it had the liberty to commence investigations and even prosecutions if and when it had reason to suspect that an individual or institution has committed any economic and financial crimes, without waiting to receive a formal petition, as was the case with the ICPC (Section 7). This meant that the EFCC could act in a more proactive manner to bring corrupt individuals to trial before they have sufficient time to cover their tracks or even stave off potential crime. Second, the powers of the EFCC were retroactive, in the sense that offenses committed in the past (i.e., before the establishment of the agency) could be investigated, and any person suspected of illegal enrichment or illicit financial transaction, or even of possessing wealth in excess of his or her legitimate income, could be prosecuted. Also, the powers of the EFCC covered both the private and the public sectors.

In comparison to other institutions charged with eradicating corruption and crime in Nigeria, the EFCC further distinguished itself not only by the scope of its powers but also by its inclusive leadership and administrative structure. Thus, apart from its chairperson (an executive chairperson), who must possess at least 15 years of professional experience acquired in a security organization, the other members of the commission included heads of all the financial and security institutions or their representatives. The chairperson was assisted by a secretary general, who was the head of administration and a team of six directors in charge of each of its departments: Organizational Support, Financial Crimes Intelligence, Advance-Fee Fraud, and Other Economic Crimes Intelligence, Enforcement and General Operations, Prosecutions and Legal Council and Training School.

Infusing an institution with such unlimited powers should naturally raise some eyebrows, especially under a democratic environment. However, the passage of the EFCC law still proceeded almost without any challenge. Several politicians, on the other hand, contested the ICPC law: this was especially the case with state governors and national legislators, who argued that the law violated some fundamental human rights and Nigeria's federal constitution. This challenge was only settled by a Supreme Court intervention, which affirmed the constitutionality of the ICPC law (Enweremadu, 2012, p. 20). This verdict, as we shall soon see, was never really considered acceptable by the political class, especially when the ICPC, prompted by public criticisms, began to broaden its searchlight to cover the major political gladiators. In the case of the EFCC, there are at least two plausible explanations for the political elite's acquiescence if not support. One is that the *EFCC Act* was more or less an external imposition by the FATF. Second, the act was also not considered as a threat by members of the Nigerian political class. They simply saw it as a weapon against fraudsters in the banking industry or individuals specializing in advance fee fraud, commonly known as "419" in Nigeria, and so did not hesitate to support it. In an open admission of this fact, the former Speaker of Nigeria's lower legislative house, the House of Representatives, Ghali Umar Na'abba, declared that the "EFCC was meant to fight 419 and money laundering. It was never intended to be an institution to fight corruption in public places. That duty is for ICPC" (ibid., p. 27).

This thinking, however, proved to be a big mistake. Contrary to the expectation of the political class, the EFCC, under a young and dynamic leadership, turned out to be their nemesis. Instead of going after fraudsters in the banking industry or individuals specializing in advance fee fraud, it simply made the political leaders, which it correctly identified as the major drivers of corruption, its first and principal target. However, by attempting, like the ICPC, to focus on those whose political fortunes depend almost totally on the personalization and redistribution of state resources (a metaphor for corruption in Nigeria), the EFCC and by extension the anti-corruption crusade was bound to enter into crisis. This was not helped by the government's own attempt to employ the agency as a weapon to undermine political rivals.

3.9 Impact of the ICPC and the EFCC on the fight against corruption in Nigeria

The key objective of this chapter is to review the activities of both the ICPC and the EFCC after their creation, with a view to uncovering some of the critical factors that hampered the war against corruption. However, accessing the impact or effectiveness of any reform policy, and ACAs, in particular, is a difficult task for several reasons. The first is the difficulty in knowing what goals policies are supposed to achieve (Dye, 1984, p. 356). Anti-corruption crusades often involve not only altruistic goals (ridding society of corruption) but also some undisclosed political ends, such as procuring political legitimacy or even eliminating political enemies (Médard, 1986). Perhaps the best the analyst can do is focus on the attainment of officially stated objectives, which in almost all cases will be to reduce corrupt practices through the removal of all incentives for corruption, detection of corrupt acts and the punishment of the perpetrators of such acts. However, even when policy objectives are clear, other analytical problems will often surface.

First, question of how to measure progress in the anti-corruption program must be answered. Knowing whether corruption levels have reduced, increased, or remained the same, requires first that corruption can be measured at any given time. This is almost impossible. First, there is a shortage of reliable data on corruption. Most corrupt acts are perpetrated in secrecy, so are not captured in official or academic data (opinion surveys). Cases reported to the police or sourced from court records are only the tip of the iceberg. One common fallacy is to regard the increase in the outbreak of corruption scandals as evidence that corruption has increased. Scandals can, in fact, be a sign of improvement, brought by the increasing scrutiny of the activities of officials, which itself can be explained by the presence of a regime that has made the fight against corruption a major policy and thus has every incentive to create the impression that corruption is serious. It could also be linked to the arrival of a more liberal political regime ushering in a freer press, wider role for non-state actors, separation of powers and checks and balances among public institutions, etc. (Chowdhurry, 2004). Second, the definition of corruption itself is not static, varying from one country to another and from one time to another within the same country.

Second, corruption is a complex and multi-dimensional phenomenon, and so prescribed measures are often multidimensional, involving a host of policies implemented over a relatively long time. The problem will then be to know when evaluation should commence and which particular reforms have produced what effect. Since reforms commence at different dates, we can perhaps defer evaluation until such a time when all policy intervention is over, for example, at the end of the administration fighting corruption. If we focus on specific aspects of reforms or policies, can the result obtained from such study be used as a yardstick for analyzing the anti-corruption drive as a whole? If we focus on the overall policy objective (reduction in corruption, for instance) how do we determine the relative effectiveness of each individual policy (anti-corruption

institutions, privatization, reform of public revenue and expenditure process, new policies on reward, employment and retrenchment in the public services, or international campaign aimed at recovering stolen assets)?

Knowing all these challenges, how then can one assess the effectiveness of Obasanjo's anti-corruption agencies? Vasant Moharir has offered a useful evaluation criterion that can be applied successfully to Nigeria's anti-corruption agencies. He argues that any public policy that must succeed or be effective, that is to say, be able to achieve stated goals, must be feasible politically (meeting the interests and aspirations of all major actors) and administratively (backed by adequate administrative capacity) (Moharir, 2002, p. 113). In other words, the effectiveness of anti-corruption agencies in reducing corruption quickly depends on the institutional capacity (powers, resources, and leadership of implementation organs) and political will and the role or behavior of major actors (national leaders, local elites, and civil society). Findings of major studies on the work of anti-corruption commissions mirror Moharir's hypothesis (Theobald, 2000; World Bank 1998; DCEC, 2000; Williams & Doig, 2004). In the section that follows, we will attempt to apply Moharir's thesis to Nigeria's anti-corruption agencies, in order to show the extent to which their operations have been defined by the two criteria mentioned above.

3.10 Nigeria's anti-graft agencies and the capacity question

Before the establishment of the ICPC and the EFCC, Nigeria had never convicted anybody for corruption in a regular court. The inauguration of these commissions, with unprecedented powers and promise of support from the highest level, had thus raised the hope for the dawn of a new day. Within the first year of the ICPC, four individuals were arraigned for various corruption offenses. This rose to 23 at the end of its second year (September 2002), before peaking at 49 at the close of its third year in September 2003. The list included senior judges and lawyers, heads of private and public companies, chairmen of government parastatals and local councils, director generals and permanent secretaries, ministers, former governors, senators, and a former Senate president, among many others (ICPC, 2006). The EFCC even did more, recovering funds and assets worth over $5 billion from financial criminals, arraigning more than 300 persons and winning 92 convictions (against two for the ICPC) at the end of June 2006.

These results are inadequate, especially when compared to what similar institutions are doing elsewhere. For instance, Hong Kong, Botswana (Frimpond, 2001; DCEC, 2000), and even Zambia, with far fewer people and comparatively lower levels of corruption, have all achieved better results. In Zambia, for instance, 5,841 petitions were received, 334 criminal pursuits lunched and 91 convictions won within a period of four years (1997–2001). In Hong-Kong, the figure is even much higher. Over a period of four years (1999–2003), 21,108 petitions were received, 2,672 pursuits initiated, for which 302, 309 and 217 conviction were won in 1999, 2002, and 2003, respectively (Government of

Table 3.1 Comparative performance index of ICPC and EFCC

Institution	*ICPC (As of July 2005)*	*EFCC (As of October 2006)*	*Total*
Number of petitions received	1,846	5,400	7,246
Estimated value of assets recovered	$0	$5 billion	$5 billion

Source: ICPC, 2006; Ribadu, 2006.

Hong Kong, 2003, p. 199). However, a more balanced analysis must take Nigeria's peculiar environment into consideration. Nigeria's anti-corruption agencies were working in an environment where corruption is far more pervasive, and political opposition to its reduction much more virulent. Second, there was also the issue of means, the most important being poor funding, insufficient human resources, and legal provisions. Table 3.1 below outlines the performance of both the ICPC and the EFCC.

3.11 Chronic underfunding

According to available data, the ICPC received an average of 500 million Nigerian *naira*, or $3.8 million, in yearly budgetary allocations between 2000 and 2005. Persistent demands by the ICPC for more funding were either turned down by the government (which often cited the need to meet other priorities) or met with promises of increased funding in subsequent financial years that never materialized. This poor level of funding, according to its managers, was one of the primary sources of its infectiveness. The agency often found it difficult to pay for the services of experienced and talented hands, especially lawyers. Corruption investigations do also at times, require a lot of money, especially when investigators need to be sent abroad to track stolen assets or search for incriminating evidence. This is probably the reason why the ICPC never took any steps in that area. It is also interesting to note that, in comparative terms, the EFCC which received more funding, most of it from international sources, recorded greater achievement in many areas, including manpower, branch network (it had 3 to ICPC's 1 during the period under review), investigations and prosecutions (see Tables 3.1 and 3.2). This clearly shows that an institution that lacks adequate budgetary support can hardly run an effective campaign against corruption.

3.12 Inadequate manpower

Nigeria's ACAs, notably the ICPC, were also dogged by a serious shortage of qualified staff. With maximum staff strength of 294, in a country of 140 million people, the ICPC was no doubt critically understaffed. The EFCC again fared much better here due to better (international) financial support. In its first year of existence, it had roughly 500 workers. By August 2006, this increased to well over 800 permanents employees, including over 100 prosecutors (Ribadu, 2006),

Table 3.2 ICPC's human and material resources

	October 2000–September 2001	*October 2001–September 2002*	*October 2002–September 2003*	*October 2003–September 2004*	*October 2004–July 2005*
Proposed Budget (in millions of naira)	2,557,954,030	9,026,822,844	1,651,543,960	943,455,407	1,207,522,777
Approved Budget (in millions of naira)	990,000,000 (38.7%)	415,000,000 (4.6%)	410,333,333 (24.85%)	496,697,046 (52.65%)	*261,806,863 (21.7%)
Staff strength	137	261	293	294	**271

Source: UN (1999–2013); World Bank (1999–2013); TI (1999–2013); KOF Swiss Economic Institute (1999–2013).

Notes

* This figure was valid as at May 2005.

** The reduction in the number of staff is explained by the departure of some staff members that were on secondment from other government departments or agencies.

most of whom were housed in its imposing administrative headquarters in the capital, Abuja. Regional offices for Lagos and Port Harcourt have been functional since 2005, helping to extend the war against financial crimes.

However, if inadequate funding has not allowed Nigeria's anti-graft bodies, especially the ICPC, to hire a competent workforce and maintain a robust administrative structure, the manner in which the managers of the ICPC have applied their meager resources, relative to the recruitment of staff, has compounded the problem. From its own data, the ICPC has clearly favored the employment of administrative staff over specialists in its core areas (investigators and prosecutors). In 2004, for example, four years after its establishment, it could only boast of 26 investigators out of a total of 294 workers (Enweremadu, 2012, p. 82). The figure was 32 for investigators and 17 for prosecutors, out of a total of 271 workers in July 2005 (ICPC, 2006a, p. 104). One can easily contrast this from data obtained at the Independent Commission Against Corruption (ICAC) in Hong Kong, which had 1,148 employees in December 1991 of which 794 (or 69 percent) were working in the department of investigation. Only a mere 7 percent of its total workforce was employed in the Administration Department (Quah, 1995, p. 403). The implication of such a recruitment policy, especially in a country of more than 140 million people marked by endemic and systemic corruption, is obvious. The ICPC was neither able to conclude investigations in good time nor was it able to speedily prosecute corrupt individuals reported to it, resulting in all sorts of accusations being levied against it (ICPC, 2006a).

3.13 Legal problems and ineffective criminal justice system

A fair and efficient judiciary is the key to anti-corruption initiatives (Langseth & Stolpe, 2001, p. 3). However, despite its much-vaunted intention to reform its institutions, Nigerian courts, especially at the lower levels, remained notorious for their corruption, perversion of justice and the slowness of their response time; furthermore, the courts and judges were ill-equipped and subject to political interference (Oyebode, 1996; FRN, 1994). These problems, as should be expected, greatly hampered the capacity of the anti-graft agencies to tame corrupt officials. The challenges were not helped by the numerous lacunas in Nigeria's laws, counter-suits filed by accused persons and constitutional immunity from prosecution granted to some political heads. In the last category is found Nigeria's powerful state governors who have successfully escaped the dragnets of the ACAs despite repeatedly being accused of massive corruption. Several attempts by the ICPC and other institutions to prosecute these governors have been annulled by the courts, which saw a conflict with section 308 of the constitution.

All these capacity problems cannot be glossed over in explaining the poor results recorded by Nigeria's ACAs. The question that would naturally arise is what did the Nigerian leadership do to address these problems? Many of these problems could easily be addressed if the political will and commitment

were available. Unfortunately, much of the Nigerian political class saw no good reason to support the anti-corruption campaign, except at the level of rhetoric.

3.14 Limited political backing for the war against corruption

In a 2001 paper, Hors (2001, p. 54) argued that "reformers need to be centrally concerned with the attitudes, perceptions, and actions of elites, as they will be fundamental to any efforts to initiate and sustain reform." In many ways, the problem of weak capacity (insufficient human and material resources, limited powers and obstructive criminal justice system) of Nigeria's anti-corruption agencies have persisted because of the unwillingness of political actors to subscribe to the goals of the anti-corruption program. Nigeria's political class, especially those in power, had tended to see the anti-graft institutions as threats to their neo-patrimonial style of politics, rather than as a necessary condition for national development. It should not be surprising that rather than strengthen these bodies, as many had hoped, they took several measures to whittle down their powers and effectiveness.

A good example was federal lawmakers' decision to investigate the ICPC and repeal its establishing Act in reaction to the latter's decision to investigate some of its leaders accused of corruption (Enweremadu, 2012, p. 95). Rather than submit themselves for investigations, these leaders and their colleagues in the federal houses of the assembly took several measures, including public bashing, lawsuits and parliamentary investigations into the activities of the ICPC since inception (ibid., p. 96), all in a bid to emasculate the anti-corruption agency. When these measures failed to produce the desired result (deterring the ICPC), the lawmakers decided to "restructure" the ICPC, which they said had transformed into "a weapon in the hands of certain people and therefore corrupt" (ibid., p. 95). This led to the passage of a new Act (the 2003 *ICPC Act*). Besides the speed with which the bill was passed, its contents also spoke volumes about the real intention of the lawmakers. According to *The Corrupt Practices and Other Related Offences Bill 2003*, the chairman of the ICPC would henceforth be a serving judge of an appeal court, appointed by the Chief Justice of Nigeria (CJN) subject to confirmation by the Senate (ibid., p. 96). The implication of the new law was that the then chairperson of the ICPC, being a retired judge, would not be qualified to continue in his position. The president would also lose his or her powers to appoint future chairpersons for the Commission. The new law also contained other new provisions, like the one requiring that the Commission must inform accused persons that it has received a petition against them or that they are under investigation for corruption. The scope of imposable sanctions (i.e., prison terms) and even the powers of the ICPC were also dramatically reduced.

While ICPC was subsequently rescued by order of the Abuja High Court invalidating the new act on the ground that lawmakers did not follow constitutional procedure in amending the 2000 act, the conflict left many negative

consequences. For example, several years after the incident, the agency could not launch any high profile investigations, despite a flood of petitions against top officials. Even the leaders of the National Assembly, which it had accused of corruption, left their posts without being charged. Its confidence and capacity had greatly been eroded. The ICPC's credibility before the public also suffered, to the extent that there were persistent calls for the agency be scrapped or merged with other similar institutions.

The EFCC also suffered similar attacks from the political class, despite public perception of relative success. A close analysis of its record of 92 convictions in 2006 will reveal a glaring difficulty in obtaining convictions of key political figures. Indeed, as of October 2006, only one individual among the dozens of persons convicted through the EFCC was a political figure. No case illustrates this difficulty better than the corruption case involving Obasanjo's vice president, Atiku Abubakar, and his close political and business associates.

The case started in August 2006, when the EFCC and an administrative panel established by the federal government indicted Mr. Atiku and several other individuals closely connected with him for "diverting public funds to companies controlled by close friends and business associates" (FRN, 2006). Atiku rejected his indictment, which he described as politically motivated. But while the political nature of Atiku's indictment could hardly be disproved, especially considering the provisions of S.137(1)(i) of the Constitution, which stipulated that any person so indicted cannot stand in any election in Nigeria, and of course the haste with which the report of his indictment was accepted by Obasanjo who was known to be opposed to his participation in the 2007 presidential elections. A close reading of the EFCC report, however, revealed Atiku's complicity in some of the fraudulent transactions raised in the report. As if to confirm this, while the vice president continued to deny the allegation, which he called a "contrived attempt to stop him from the 2007 election" (Enweremadu, 2012, p. 110), he did very little to prove his innocence. Instead, he spent much capital trying to prove that his indictment was politically motivated and that the president, his supposed accuser, was equally, if not more, corrupt.

Atiku's strategy ensured that he was never prosecuted over those allegations, as the anti-corruption agencies and the government failed to muster the necessary political support to push for the vice president's impeachment, which would have enabled his prosecution in the courts. Vice President Atiku was even more successful from the point of view of positive public opinion. Instead of being asked to disprove allegations of corruption made against him, Atiku was widely portrayed as a victim of political victimization in a complex web of power struggle, in which the anti-corruption campaign was a mere tool. The net effect of Atiku's campaign against the EFCC was that many other key political figures accused of corruption by the EFCC, especially state governors, also managed to escape prosecutions having taken a cue from the vice president. They also alleged that accusations against them were politically motivated, forcing the EFCC to announce it was applying the brake or softening its war against corruption until the May 2007 elections were over.

What these cases, especially those involving the former vice president and national legislators show, is simply the extent to which accusations and counter-accusations of corruption by politicians can serve as weapons, not only for discrediting political opponents but also for avoiding arrest and prosecution for corrupt practices. These cases also reveal the lengths politicians can go to undermine important public policies when vital political interests are threatened.

3.15 Conclusion

From all indications, anti-corruption campaigners face tough challenges in their quest to eradicate endemic corruption in a country like Nigeria. Many of the measures that have been adopted elsewhere with relative success, such as specialized and independent ACAs, are not easily transplantable to Africa where the necessary administrative capacity is often lacking and strong political support hard to come by. More importantly, prevailing political logic tends also to favor the abuse of office and misappropriation of public resources. As the Nigerian experience clearly shows, a successful war against corruption requires not just the mere presence of anti-corruption laws and commissions, however many they are, but also a reform-minded political class. This implies a political class that is willing to provide sufficient human and material resources for these institutions, as well as the appropriate legal and political environment necessary for their development. Where politics is about private or primitive accumulation and redistribution of state resources, as is the case in Nigeria and other African neo-patrimonial states, such committed reformers may only emerge from a violent revolution (implying the overthrow of the ruling class), or alternatively, through a slow but painful process of political-economic restructuring.

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4 Legal and institutional measures against corruption in Southern Africa

Case studies

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4.1 Introduction

Corruption in Southern Africa permeates the whole spectrum of countries in the region. It takes a very wide variety of forms, involving politicians and their families, senior and middle managers in the public services, heads of state-owned enterprises (SOEs) and sections of the private sector.

Corruption in the region has been covered more extensively in the press (Mantzaris & Pillay, 2013) because several countries have a vibrant free and independent media as well as a number of university centers and NGOs that research the phenomenon, including organizations such as the Anti-Corruption Centre for Education and Research of Stellenbosch University (ACCERUS), Corruption Watch and the Institute for Security Studies (ISS) in South Africa. ACCERUS research has covered a wide spectrum of corruption throughout the government and private sector (Mantzaris & Pillay, 2013, 2014a, 2014b, 2014c).

In the country of Malawi, the "cash-gate" corruption saga, based on the manipulation of the government's software system, cost the country over US$250 million through corruption that led to a temporary suspension of foreign aid, which makes up approximately 40 percent of Malawi's budget, and resulted in the country making international headlines (Baker, 2014).

In Mozambique, the recent work by Cohen, Selemane, and Umarji (2014) has uncovered a number of important corruption cases, while in Zimbabwe instances of rampant fraud throughout the state spectrum, misappropriation of state funds, fraud in SOEs, and the abuse of office by state and SOE officials, have been identified by SOE Southern Africa (2014). In Botswana's, the sometimes well-hidden corruption at all state levels has been uncovered by Kuris (2013).

It can be understood that the efforts to "fight corruption" in Southern Africa cannot cover all countries in the region. Therefore, the analysis of legislation and institutional reforms in place is to be kept to a minimum, but Table A4.1 in the Appendix (to be found in SOE, Southern Africa, 2014) provides a good understanding of the situation.

The gist of the argument presented in this chapter is that despite legal and institutional measures undertaken by governments in South Africa to stop or minimize corruption, the success of these measures is highly debatable. The

chapter will concentrate on several case studies of countries in Southern Africa, identifying the legal and institutional compliance measures undertaken to fight corruption and the challenges that lie ahead.

4.2 South Africa

In a comparative perspective, South Africa has a more "complete" and diversified set of anti-corruption policies when compared to the rest of the Southern Africa community of nations. This includes its participation in international anti-corruption agreements and treaties such as the United Nations Convention Against Corruption (UNCAC), the Southern African Development Community (SADC) Protocol Against Corruption, the African Union (AU) Convention on Preventing and Combating Corruption, and the OECD Convention on Bribery of Foreign Public Officials in International Business Transactions. In addition to these various international agreements, there is comprehensive legislation and an array of policy regulations that are in place in South Africa targeting a wide variety of corrupt activities, administrative justice, whistleblowing, prevention of organized crime, financial management and code of conduct guidelines, asset registers, and access to information (Mantzaris & Pillay, 2013).

Several statutory bodies exist in order to fight corruption in different forms, and collective mechanisms exist to prevent, detect, and punish corruption, which is attached to the Ministries of Justice, Finance, and the National Treasury. Some of them exist as independent institutions (such as the Public Service Commission and the Office of the Public Protector), while others are joint forums of Ministries, such as the Anti-Corruption Coordinating Committee (ACCC) and the Public Service Anti-Corruption Forum (Woods & Mantzaris, 2012).

South Africa has maintained a relatively steady ranking among 180 nations in the international Corruption Perception Index, scoring a ranking of 73, and a score of 43 on a scale of 2 to 100. The latest ranking indicates that 90 percent of African states and two-thirds of all countries scored below 50, suggesting a serious corruption problem for the African Continent (TI, 2018). In a 2015 survey by Transparency International's Global Corruption Barometer, 83 percent of the citizens "think" that corruption has increased (TI, 2015).

Corruption in the public service in South Africa and its resultant negative repercussions on service delivery to the poor has led to massive protests throughout the country involving thousands of people. These protests have been labeled as the "rebellion of the poor" (Alexander, 2010). Research on corruption at different levels and sectors has pinpointed the fact that over the last few years, the levels of corruption have increased drastically. Further, there has been a decline in both foreign and domestic investment as well as a palpable decline in trust of both political and administrative leaders in South Africa (Mantzaris & Pillay, 2014a, 2014b, 2014c).

4.3 Lesotho

Lesotho's commitment to public trust and good governance became evident not only in its new Constitution of 1993, but also in a number of anti-corruption acts, such as *The Prevention of Corruption and Economic Offences Act No. 5 of 1999* that defines and sets out penalties for a range of corrupt activities including bribery and conflict of interest, and outlines procedures and norms for protecting informants. It also established an anti-corruption agency, the Directorate on Corruption and Economic Offences (DCEO), whose effectiveness was boosted by amendments to the law enacted in 2006 (Afrobarometer, 2013). In 2005, Lesotho signed and ratified the United Nations Convention Against Corruption and in 2006 Lesotho signed and ratified the African Union Convention on Combating Corruption as well as the Southern African Development Community Protocol Against Corruption (Sithetho, 2013). The *Public Procurement Regulations Act (2006)* establishes thresholds for the use of procurement methods, bid evaluation procedures and contract management while the *Money Laundering, Proceeds of Crime Act No. 4 (2008)* criminalizes money laundering. Lesotho also has an ombudsman, an auditor general, and a Parliamentary Ethics, Code of Conduct Immunities and Privileges Committee consisting of 16 members of parliament (Mo Ibrahim Foundation, 2013).

There is no legislation concerning whistleblower protection and corruption in political financing. Hence, there is no legislative or regulatory provision for whistleblowers, and there is no monitoring or audit of the use of campaign funds, making the usage of these funds for purposes other than electoral campaigning possible (African Peer Review Mechanism, 2013). It has been common knowledge that the country's anti-corruption mechanisms are weak as most government departments targeted lack capacity, are under-staffed and operate with very limited budgets (African Peer Review Mechanism, 2013). The real reach of oversight bodies is limited to government operations only around the capital, Maseru. The nonexistence of oversight institutions in municipalities outside Maseru has led to potentially high levels of corruption by councilors (Motsoeli, 2013).

The promulgation of the *Prevention of Corruption and Economic Crimes Act* led to the creation of the DCEO, which investigates complaints, prevents corruption, and prosecutes corrupt officials (International Association of Anti-Corruption Authorities, 2012). The director of the agency is appointed by the prime minister to serve five-year terms, and the entity is funded from external donors, notably the European Commission. The organization has taken a number of initiatives such as the development of the National Anti-Corruption Strategy and Action Plan (NACSAP), the establishment of Students Integrity Associations at the university and secondary school level, aimed at educating the youth about corruption and integrity, and the District Anti-Corruption Committees, a first step to addressing corruption in districts outside of the Maseru city area (African Peer Review Mechanism, 2013). DCEO is under-resourced and dysfunctional with a limited staff directorate and a total staff of

60, which includes investigators as well as policy and support staff, meaning that some investigators are responsible for up to 30 cases each year (Directorate on Corruption and Economic Offences, 2013). The absence of continuous resources over the past decade has led to case overload, and significant backlogs have produced low conviction rates. From 1999 to 2012, the DCEO submitted 37 cases for prosecution under the law, of which only two received guilty verdicts (Directorate on Corruption and Economic Offences, 2013).

4.4 Mozambique

Mozambique remains one of the poorest countries in the world, and the government's ability to address this problem is seriously limited by corruption and bad governance, despite the existence of enabling legislation and institutional mechanisms to combat corruption. Limited resources, weak implementation, and many legal weaknesses and loopholes help sections of the elite to extract rents from the state (Rasmussen, 2010).

In its efforts to combat corruption, the government launched the ten-year Public Sector Reform Strategy, which includes the adoption of measures to improve the management of public finances and to reduce corruption opportunities through the implementation and dissemination of the anti-corruption law. It also strengthens the Central Office for Combating Corruption, enhances information gathering and promotes research on governance and corruption issues as well as the implementation of an effective anti-corruption strategy (IMF, 2011).

The Anti-Corruption Strategy of 2006 advocated the efficiency of public services, participation and monitoring of local communities in order to promote transparency and accountability, ethical culture in the public sector and improvement of the management system of public finance. An Anti-Corruption Forum, involving the private sector, civil society organizations and members of the government, was created by a governmental decree, but it was discontinued only after one and a half years (Lloyd 2011).

The *Anti-Corruption Law of 2004* (Law no. 6 of 2004) did not even mention corrupt practices, such as embezzlement of public funds, money laundering, and illicit enrichment. The much-debated Anti-Corruption Package, a law, aimed at correcting the flaws of existing legislation and strengthening the prevailing legal framework never made it to parliament. It dealt with measures against conflicts of interest, protection of whistleblowers, ethical behavior in public administration, and criminalization of corrupt practices.

The *Law on Procurement* (Decree no. 54 of 2005) requires that the results of all tenders are to be made public (TI, 2007) and given the secrecy that is pertinent in Mozambican public administration (Bertelsmann Foundation, 2010) this can be seen as a step forward. On the other hand, conflict of interest is only partially regulated, while the asset declaration is only mandatory for high-level public officials. There is no code of conduct for public officials and no concrete measures to protect whistleblowers (Kimenyi & Lewis, 2011).

The Central Office for Combating Corruption was established in 2005 but is not fully independent. Activities carried out by this anti-corruption agency are limited by a lack of funds and qualified staff (World Bank, 2012). The agency is responsible for investigating corruption-related complaints, but it does not have the mandate to prosecute them (Mo Ibrahim Foundation, 2010). The performance of the Public Prosecution Service in successfully prosecuting cases of alleged corruption amongst government officials has been poor, particularly in grand corruption cases (Bertelsmann Transformation Index, 2012).

4.5 Angola

Despite a general public promise by the country's leaders to foster more transparency regarding both oil revenues and government expenditures, there have been doubts about the political will to reform. Angola's legal and institutional anti-corruption framework is weak, and the country suffers from "one of the worst overall anti-corruption frameworks" in the world, and scores very poorly in terms of government accountability, administration and civil service, oversight and regulation, as well as anti-corruption and the rule of law (Global Integrity, 2008). Insufficient safeguards and a lack of checks and balances make government accountability challenging to enforce (Global Integrity, 2008).

The legal framework against corruption is highly inadequate, scattered across different supporting pieces of legislation, some of which are outdated. Active and passive corruption attempted corruption, and extortion is criminalized under the *Law of Crimes Against the Economy*, while the *Law of the High Authority Against Corruption* provided for the creation of an anti-corruption agency, but the agency does not exist yet. While parliament passed the *Public Probity Law*, which required all government officials to declare their wealth, including revenues, bonds, and shares, or any other kind of property and valuables held domestically or abroad, no effective review mechanism has been established to monitor public officials' assets. Moreover, there is no legislation to protect whistleblowers from retaliation, either in the private or public sector (Global Integrity, 2008).

The *State Secrets Law 2002* and the *Law on National Security* hamper the implementation of freedom of information provisions by preserving the government's right to classify information with high discretion, thus preventing information disclosure. In terms of its international commitments, Angola has signed but not ratified the African Union Convention on Preventing and Combating Corruption. In August 2006, the country ratified the UNCAC and was legally bound by the terms of the convention. Moreover, it has signed but not ratified the United Nations Convention Against Transnational Organized Crime. In 2004, Angola also joined the African Peer Review Mechanism, which was interpreted as a sign of political will since it subjects the country to a periodic review of its commitment to political and economic governance reforms (Freedom House, 2010).

As noted above, the High Authority Against Corruption, an anti-corruption agency, has been included in existing legislation but has yet to be established. The Office of the Ombudsman, whose director is appointed by a two-thirds majority of the national parliament for a four-year term to ensure autonomy, but the current ombudsman thought to be politically influenced; the office has been criticized because reports are not made publicly available and the government does not pay attention to them (Business Anti-Corruption Portal, 2010).

The Court of Accounts has extensive powers and can initiate investigations against corruption, but it lacks skills, financial resources, and capacity. Despite its relatively stable legal powers, the competence, skills, and capacity of this relatively new institution need to be strengthened for it to function effectively. Furthermore, the findings and recommendations of the tribunal are neither known to the public nor discussed in parliamentary debates (Isaksen, Amundsen, Wiig, & Abreu, 2007; Global Integrity, 2008).

Understaffing, underdevelopment, inefficiency, a lack of infrastructure and technical resources, and, above all, political dependency on the ruling party are the critical characteristics of the Angolan judicial system because the appointment of judges rests with the president alone. This means that on occasion, the independence of the judiciary is in danger of being compromised (Bertelsmann Foundation, 2010; Freedom House, 2010; Global Integrity, 2008).

The country's constitution guarantees freedom of association, expression, assembly, and demonstration, but it has been documented that civil society and the media face many challenges of a political, financial and logistical nature that are serious barriers to the free exercise of their constitutional rights (De Morais, 2010).

4.6 Malawi

The *Corrupt Practices Act, No. 18 of 1995* gave birth to the Anti-Corruption Bureau (ACB), which is the only anti-corruption entity in Malawi that is mandated to perform three main functions: namely, prevent corruption, educate people against corruption and investigate and prosecute offenders. The director and the leaders of the organization are under the complete control or direction of the minister (Malawi Notebook, 2011). The enactment of the law took place one year after the death of Hastings Banda, whose autocratic rule dominated Malawi's political life for three decades. Even after his death, patronage politics continued, and several party realignments led to rampant corruption at all levels of social life, pointing to a lack of serious political will to fight corruption. Hence, a culture of corruption developed and went unpunished, and anti-corruption efforts were affected by fear; more importantly, they were poorly funded, implemented, and coordinated (World Bank, 2011).

The lack of an appropriate regulatory and legal framework, the absence of planning, resources, strategy and commitment, and the continuation of political patronage permeating all levels of the public service exacerbate the problems. While it is premature to evaluate the performance of the ACB under the

Mutharika government, ACB staff report that the government is more supportive than its predecessor and the new Director of Public Prosecutions is more willing to give consent for prosecutions than his predecessors (Business Anti-Corruption Portal, 2013). The ACB has reported two major constraints: first, there are weaknesses in the *Corrupt Practices Act*, which narrows the definition of corruption to bribery, provides no protection for whistleblowers and imposes minimum prison sentences of five years that encourage magistrates to acquit in cases where the sums of money involved are small; second, there are financial constraints because of the limited resources provided by the government of Malawi (World Bank, 2011).

Despite the fact that most of the ACB's operatives are well trained, it has not been an effective organization, because its conditions of service, standing orders, operating procedures, financial control systems and enabling legislation, all of which are essential prerequisites for an anti-corruption agency, do not exist (Bertelsmann Transformation Index, 2012). There has also been outsourcing of a fair amount of prosecution work that has in many ways, enhanced the in-house prosecution capacity since the external prosecutors are more efficient because they are paid only when they produce results. Both the corruption prevention and the investigation divisions are understaffed, and despite their best efforts, corruption continues on an even larger scale as donor aid has been substantially reduced in the last few years (Mo Ibrahim Foundation, 2011). These realities are exacerbated by a fragile political situation and a fragile economy that are serious barriers to a sustained improvement in the performance of the ACB.

4.7 Botswana

The Directorate on Corruption and Economic Crime was established after the passage of the first anti-corruption law in the country, the *Corruption and Economic Crimes Act, 68 of 1994*, and is involved in investigating and preventing corruption as well as educating the public on the dangers of corruption. The Directorate falls under the Office of the President, and the director is formally and directly responsible to the president. It can be understood that such an arrangement compromises the institutional autonomy of the Directorate, contrary to international best practice, which requires anti-corruption agencies to be functionally and institutionally independent (Mbao & Komboni, 2008).

In legal and political terms, the director is accountable to the head of the public service, who is the permanent secretary to the president, contrary to the principle that one of the key determinants of independence of an anti-corruption agency is the manner of appointment of its head, his or her security of tenure and similar issues. The act empowers the president to appoint the director "on such terms and conditions as he sees fit" and security of tenure is not guaranteed, meaning that the director might be in most cases reluctant or fearful to institute investigations into well-connected and highly placed people (Republic of Botswana, 1994).

One of the key functions of the Directorate is to investigate any corruption in public bodies, meaning that it has no jurisdiction in matters of corruption that take place in privately owned companies. In legal terms, this means that the Debswana Diamond Mining Company (jointly owned by the government and De Beers in a 50/50 shareholder arrangement), which is one of the critical economic contributors to the country's GDP and is involved in significant infrastructure and other projects in Botswana worth tens of millions of *pula*, is untouchable. Such omissions are contrary to the dictates of articles of both the UNCAC as well as the SADC Protocol Against Corruption, of which Botswana was the first country to sign. Specifically, Article 1 and Article 3 of the law on corruption extend to private sector entities (UNCAC, 2000).

The Office of the Ombudsman was established under the *Ombudsman Act of 1995*, and the president appoints its head for a four-year term, after consultation with the leader of the opposition in the National Assembly. The act is silent on the possibility of renewal. She or he is empowered to receive and investigate complaints of injustice and maladministration in the public service, and if such complaints prove to have validity recommendations to the relevant authority are made. While the ombudsman reports to parliament through the president, none of the reports are debated in the National Assembly (Republic of Botswana, 2011).

Also, most of the recommendations are not followed, and thus, a culture of noncompliance is perpetrated (Mbao & Komboni, 2008). The act includes a wide array of ambiguities and absurdities one of which states that the ombudsman cannot investigate human rights violations insofar as they relate to maladministration and he or she is also excluded from investigating complaints of maladministration relating to human resource matters in the public service as well as those arising from contractual undertakings between the government and members of the public. It can be understood that such ambiguities are in many cases the root of corruption, primarily as maladministration in many cases are based on contracts between the government and individual suppliers (mostly corporate). These areas require law reform (Mbao & Komboni, 2008).

4.8 Zimbabwe

The first anti-corruption law in Zimbabwe was introduced 14 years after independence; in 1994, the Parliamentary and Ministerial Code of Conduct, which introduced codes of conduct for members of parliament, took effect. It was a relatively comprehensive piece of legislation, but it never mentioned the much-debated Anti-Corruption Commission of Zimbabwe (ACCZ) (Zinyama, 2013).

Before 2005, the *Serious Offences (Confiscation of Profits) Act (1990)* provided for the confiscation of money and property used in connection with, or as proceeds from, crime. It was the *Procurement Act of 57 of 2001* that

established the State Procurement Board, which is responsible for public procurement contracts on behalf of procuring entities; it supervises procurement proceedings and investigates possible violations of procurement procedures (ISS, 2004).

The *Public Finance Management Act* (Chapter 22, Art. 19) provides a legal framework for the financial management, corporate governance and auditing requirements for SOEs, while the *Bank Use Promotion and Suppression of Money Laundering Act* (Chapter 24, Art. 24) deters money laundering by SOEs, specifically those in the financial sector. The *Criminal Law (Codification and Reform) Act (2004)* established bribery and corruption offences, including domestic active and passive bribery (Art. 170) and abuse of functions (Art. 174), as well as embezzlement in public and private sectors (Art. 113). It also includes SOEs in its definition of a "statutory body" (Zinyama, 2013).

The ACCZ became a reality after the promulgation of the *Anti-Corruption Commission Act of 2004*, although it was ignored in both the *Prevention of Corruption Act* and the *Criminal Law (Codification and Reform) Act*. It began operating in September 2005 when the first Commissioners were sworn in. The Commission reports to Parliament through a minister of state in the President's Office (Republic of Zimbabwe, 2004). The Commission has been established to combat corruption, theft, misappropriation, abuse of power and other forms of improprieties in the conduct of affairs in both the public and private sectors. It is also empowered to make recommendations to the government and organizations in the private sector on measures to enhance integrity and accountability and to prevent improprieties. Finally, it exercises any other functions that may be conferred or imposed on the Commission by or under an act of parliament (Republic of Zimbabwe, 2004, pp. 11–12).

In terms of corruption prevention, the *Anti-Corruption Commission Act* sets out a number of requirements for the Commission: (1) to monitor and examine the practices, systems and procurement procedures of public and private sector institutions; (2) to instruct, advise and assist any officer, agency or institution in the elimination or minimization of corruption; (3) to assist in the formulation of practices, systems and procurement procedures of public and private sector institutions with a view to the elimination of corrupt practices; (4) to advise on ways of strengthening anti-corruption legislation; and (5) to recommend to the government the ratification of relevant international legal instruments aimed at combating corruption. Other bodies relevant to the fight against corruption in Zimbabwe include the Department of Anti-Corruption and Anti-Monopolies in the Ministry of Home Affairs, the Attorney General's Office, the National Prosecuting Authority, the Zimbabwe Republic Police, the Financial Intelligence Unit (within the Reserve Bank of Zimbabwe), the National Economic Conduct Inspectorate, and the Public Service Commission (Ncube, 2011).

The Commission consists of nine commissioners, appointed by the president, who are employed full-time and have executive powers. Supporting the

commissioners is the Secretariat, which consists of three operating arms, namely Corruption Prevention and Corporate Governance, Investigation and Prosecution, and Publicity and Education. The Investigation and Prosecution division involves the investigation of all reported cases and the prosecution of offenders in the Courts, while the Public Education division targets public awareness regarding all aspects of corruption, and Corruption Prevention deals with all measures that are taken to prevent corruption (Republic of Zimbabwe, 2004).

Despite these efforts, rampant corruption in all spheres of public life and the private sector is widespread (Niyoni, 2014; Hardoon & Finn, 2011). Since independence, the country's leaders have been involved in widespread corruption that includes the direct involvement of those close to them at all levels of society and the economy. Laws and regulations have not stopped the political and business elites from getting involved in massive scandals, such as the Zimbabwe Iron and Steel Company (ZISCO), the Diamond Scandals, the looting of the War Victims Compensation Fund, the VIP Housing Scam, the Zimbabwe United Passenger Company (ZUPCO) looting, the Fertilizer Scandal, the National Oil Company of Zimbabwe (NOCZIM) Scandal and the Harare Airport Extension Scandal. Despite the existence of tangible evidence regarding these corrupt acts, the culprits were never prosecuted (Anti-Corruption Trust of Southern Africa, 2012, pp. 2–3).

4.9 Conclusion

While there have been legal and institutional measures aimed at combating corruption in Southern Africa, the efforts have not been successful. This reality is based primarily, but not exclusively, on a multitude of gaps, poor planning, and inadequate implementation. Political interference has led to weak financial systems, maladministration, resource misallocation, and non-compliance. Despite the existence of laws and anti-corruption commissions and agencies for the prevention, deterrence, monitoring, detection, and corruption investigation, in most instances a decisive response to deal with such practices is absent. The stark reality is that political, administrative and private sector corruption is rooted not only in individual or group greed and capital resource accumulation but also, and perhaps more fundamentally, in the lack of political will on the part of the local and regional elites.

Appendix

Table A4.1 Economic and governance rankings of SADC countries

	2014 Human Development Index (HDI) (out of 187 countries)	*WEF Global Competitive Report (out of 148 countries)*	*2013 World Bank Doing Business Ranking*	*2013 TI Corruption Perception Index (out of 177 countries)*	*2012 Worldwide Governance – Countril of Corruption Indicator*
Angola	149	142	179	153	8th percentile
Botswana	109	74	56	30	79th percentile
DRC	140	N/A	183	154	4th percentile
Lesotho	162	123	136	55	62nd percentile
Madagascar	155	132	148	127	31st percentile
Malawi	174	136	171	91	40th percentile
Mauritius	63	45	20	52	67th percentile
Mozambique	178	137	139	119	33rd percentile
Namibia	127	90	98	57	67th percentile
Seychelles	71	80	80	47	67th percentile
South Africa	118	53	41	72	54th percentile
Swaziland	148	124	123	82	52nd percentile
Tanzania	159	125	145	111	22nd percentile
Zambia	141	93	83	83	46th
Zimbabwe	156	131	170	157	5th
SADC averages	*Avg. rank: 137/187*	*Avg. rank: 106/148*	*Avg. rank: 118/189*	*Avg. rank: 93/177*	*Avg. percentile: 43rd*

Source: UN (1999–2013); World Bank (1999–2013); TI (1999–2013); KOF Swiss Economic Institute (1999–2013).

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Part II

B Asia

5 Corruption in China

Tigers and flies beware

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5.1 Introduction

This chapter explores corruption in China from both governmental and civic perspectives. An exclusive focus on governmental corruption limits our understanding of the "corruption problem." A more complete grasp requires one to consider the body politic, as the roots of the problem may well extend into the civil society at large. The chapter is divided into the following sections: a brief history of corruption in China, coming of age in the People's Republic of China, corrupt methods and means, President Xi Jinping and the anti-corruption campaign, and the path ahead. The argument being advanced in this chapter is that while the corruption problem is not new in China's history, it has reached a level in kind and degree that threatens the future of the Chinese Communist Party (CCP) and its ability to govern this vast country.

5.2 Brief history

China's corruption problem and efforts to combat it are not new. "For centuries," Evan Osnos (2014, p. 249) writes, "every generation of Chinese leaders unveiled its own strategy to root out corruption." The strategy that emerged in Chairman Mao's "new" China in 1949 following the end of World War II and the bloody conclusion of the Chinese Civil War (1946–1949) rested heavily on egalitarianism, abolishment of private property, presumption of class conflict, restructuring of the family unit, collectivism in agricultural production and one-party rule. Revolutionary zeal and idealism would surely tame self-interest fueled by corruption opportunities.

Such idealism was a natural companion for "rule by virtue" (*de zhi*), a cardinal principle handed down through the ages. The teacher and philosopher Confucius (551–479 bc) is largely credited with articulating the relationship between governing and morality. "He who exercises government by means of virtue may be compared to the North Star, which holds its place while all other stars turn around it" (BrainyQuote, 2015). Personal morality and governmental morality are joined at the hip in the world of Confucianism. "When a prince's personal conduct is correct," Confucius said, "his government is effective without the

issuing of orders. If his personal conduct is not correct, he may issue orders, but they will not be followed" (Analects by Confucius XIII.6). Those who rule without virtue are unworthy of being followed.

Philosophy and reality, however, are not always synchronized. Indeed, there is considerable evidence that China's journey through time is not unlike the journeys of many other countries in which "good" and "bad," virtue and vice co-exist or with one or the other dominating in a given era. Government corruption – the abuse of public power for private gain – as well as civic corruption (the abuse of private power or position for gain) can be found in every society, present, and past. "Without exception," writes Professor Olivia Yu (2008, p. 161), "the Chinese government has never been corruption-free since the country emerged as a socialist system in 1949." Andrew Wedeman (2012, p. 90) notes that even in the PRC's early years (1951–1953), the party made a vigorous effort to curb corruption. Campaigns in each of these years "targeted corruption within the political and economic systems … [but] for the most part, those accused of corruption in the early days were apparently guilty of relatively minor offenses" (p. 90).

Corruption in both the public and private sectors is defined as a crime in nearly every country. China has more than 1,200 laws, rules, and directives against corruption, but implementation is widely believed to be ineffective. Three offenses in China are regarded as corrupt: graft, bribe taking, and embezzlement. Civic corruption is even more insidious than government corruption. When individuals, groups or gangs contrive ways and means of cheating or stealing or lying in a widespread manner, the civic culture and the values that underpin it can fray to the point of civic breakdown. That is, the lubricant of society – the trust of others (colleagues, friends, family), governments and institutions – is badly damaged thereby fostering social discord and challenging life and governance in many ways.

Consider several calamities and controversies in China – the 2008 Sichuan earthquake, the 2011 Wenzhou train crash, the 2008 tainted instant milk formula for babies and sponsorship fees to gain entry to top educational institutions – which point directly at the viciousness of civic corruption in contemporary China life. The Sichuan Earthquake of 2008 claimed more than 60,000 lives with more than 10,000 school children victims when a 7.9 magnitude quake struck in the afternoon of May 12. Schools throughout the stricken region collapsed in a pancake manner. Shoddy building construction was believed responsible, perhaps resulting from corruption. Angry parents at several destroyed schools demanded an investigation of possible official malfeasance and corruption (Yardley, 2008).

The Wenzhou train crash involved two high-speed trains, one of which rammed the rear of the other; this resulted in 40 deaths and 191 injured passengers. Crash investigators found sloppy development of the signaling equipment, bidding irregularities in the contracts to develop the equipment and lapses by safety inspectors who were supposed to ensure its quality (LaFraniere, 2011). Two former top officials of the Railway Ministry were singled out for

blame – Liu Zhijun, the railway minister, and his deputy chief engineer, Zhang Shuguang. Five months before the crash, Mr. Liu was arrested on corruption charges. In 2013, Liu Zhijun was found guilty of taking bribes and abusing his powers. He received a suspended death sentence and is likely to face life in prison. As Buckley (2013) noted, "The court presented Mr. Liu as a case study in the corrupt self-enrichment among officials" in China.

The 2008 tainted instant milk tragedy resulted in the deaths of "six babies, and more than 300,000 children fell ill from drinking milk products that had been tainted with melamine, a toxic chemical" (Wong, 2013). The police suspected that some dairy farmers and milk dealers might have diluted milk with water to increase the volume for sale and then added melamine to disguise the dilution (Bradsher, 2008). The milk producer, Sanlu, "discovered that farmers had been adding melamine to boost the protein levels, but the company did not order a recall; instead, it persuaded the local government to bar the press from reporting it" (Osnos, 2014, p. 174).

It has been reported that parents pay "sponsorship fees" to gain entry to top schools – but is not education free and guaranteed in China? Well, not exactly. In China's highly competitive society, education is a highly sought commodity that parents, if they can afford it, are eager to buy. "Nearly everything has a price … from school admissions and placement in top classes to leadership positions in Communist youth groups. Even front-row seats near the blackboard or a post as a class monitor are up for sale" (Levin, 2012). Sponsorship fees or bribes enable parents to acquire an educational commodity for their children and, conversely, teachers who are poorly paid can enhance their income. So, it is a two-way street. Critics of the state-run education system claim it is overrun by bribery and cronyism and contributes to the growing gap between the wealthy and the poor (Levin, 2012). "Corruption in education," says Liao Ran, who runs programs in Asia combating graft for Transparency International, "has become rampant" (Cited in Roberts, 2013).

5.3 Coming of age in the People's Republic of China

Chairman Mao was determined to rapidly transform a largely rural, agrarian, illiterate peasant population into a modern industrial state. The CCP was for all practical purposes the state, and allegiance to its cause was demanded of all. Central to governing by the CCP was the collectivization of the economy in the form of communes and ambitious goals of production. Private ownership of land was abolished. Equally suspect were customs, traditions, religion, and Confucian values.

Indeed, by the 1960s following the economic failures of the planned economy as embodied in the Great Leap Forward (1958–1961), Mao became increasingly convinced that a more radical solution was needed. A Cultural Revolution was needed to unleash the chains of tradition, culture, custom, religion, and superstition that bound the ordinary Chinese to a past that did not serve the future. Thus, the Cultural Revolution was no friend of Confucianism.

A full-throttled attempt was made to extinguish Confucian thought and ideals that were viewed as contrary to egalitarian values enshrined in the 1949 Revolution and Communist ideology. Confucianism, among other things, cherished family values and respect for elders, ideals that did not fit well with collectivities and communes that formed essential social units in the new China. Rule by virtue fell by the wayside.

So by nearly all accounts, the Cultural Revolution was a "decade-long descent into ideological madness that crushed millions …" (Kuhn 2012). Alternatively, as Wasserstrom (2010, p. 58) states: "It was a time of utopian hopes that turned into dark nightmares, an era when children turned on their parents and friends betrayed friends, swept up in the ideological fervor of a particular campaign or simply a desire for self-preservation."

The nightmare began to ebb with Mao's death in 1976 and the ascension to power by Deng Xiaoping, who is credited with the "reform and opening" of China that was launched in 1978. He initiated a series of bold economic reforms that tempered Communist ideology with limited forms of private entrepreneurship (Wassertrom, 2010, p. 70). The era of "Socialism with Chinese Characteristics" was set in motion; it was an era of Communist ideology balanced by pragmatism. Deng claimed that it did not matter whether a cat was black or white as long as it caught mice because if it caught mice, it was a good cat. In other words: "It does not matter whether the Chinese economy is Communist or capitalist, as long as it works" (Smith, 2012, p. 253).

Deng's band of reformers began the transition from a command economy to a market-based economy. The World Bank boldly claims that China's reforms yielded spectacular results over the past 30 years with an economy that grew on average about 10 percent a year, lifted more than 600 million people out of poverty and reduced the poverty rate from 84 percent in 1981 to 13 percent in 2008 (World Bank, 2013). The man who changed China, writes Michael Elliott (2008), "improved the life chances of more people, faster than has ever been done before in the history of humankind."

China's economic miracle, of course, did not happen overnight, yet 30 years is a fairly short period all things considered. Nor did the "miracle" occur without resistance. As the vice premier of China at the birth of its opening-up policy, Li Lanqing recalls it was no cakewalk. In his view, while "the demise of the Cultural Revolution gave China a new lease on life … it took no less than a Herculean effort, however, to eradicate the political and ideological aftermath of this catastrophe" (Lanqing, 2009, p. 31). Still, the country was in no mood for another round of radical change. Consequently, China's leaders chose to move the reform of the economy along a path that can be described as "gradualism with an experimental approach; a strong commitment; and the active, pragmatic facilitation of the state" (Zeng, 2011).

The path to state capitalism (markets with an authoritarian flavor) was not straightforward. The legacy of a command economy where prices were set by government authorities operating alongside large state-owned enterprises (SOEs) and a startup "free" market yielded a "dual price system" throughout much of the

1980s. In the early reform period, both the government and the market determined prices for the same goods. Thus, the opportunities for financial slippage, indeed outright graft, embezzlement, and bribery were ripe. Nonetheless, China's leaders were determined to 'free up' prices consistent with a gradual and pragmatic opening up of the economy.

The transition from a command economy to a market economy is often a bumpy road filled with corruption opportunities and potholes. However, the reform and opening that Deng set in motion did not singularly produce corruption in contemporary China. To reiterate a point made earlier, "corruption existed before the reform, albeit mostly in discreet and often petty forms. Reform did, however, lead to a surge in corruption by opening up new opportunities for officials to use their authority to enrich themselves" (Wedeman, 2012, p. 80).

Rapid economic growth and corruption typically go hand in hand. So it is not surprising that corruption has been on the rise over the past 30 years. Reliable corruption statistics are difficult to compile, but there is some information available. The Central Commission for Discipline Inspection (CCDI) investigates corruption allegations against members of the CCP. The Commission has delegated the authority to inspect, investigate, and sanction party members who misbehave. Since the early 1980s, the CCDI has punished or disciplined thousands of party members each year, with perhaps 2018 recording a record number with 526,000 members punished (Runhua, 2019). During one five-year stretch, death sentences were handed down for 350 party members found guilty of corruption (Osnos, 2014, p. 262). Harsh penalties (death sentences and lengthy jail terms) would certainly signal seriousness about cracking down on corruption. However, a closer look suggests that only a very small proportion of party members and government officials are punished. Most officials found guilty of misconduct receive a warning; only 20 percent are expelled from the CCP, and less than 6 percent are criminally prosecuted (Pei, 2007). "Therefore, the odds of an average corrupt official going to jail are 3 out of 100, making corruption a high-return, low-risk activity" (Pei, 2007, p. 5).

A different body, the Ministry of Supervision, which also has sanctioning authority, investigates government workers accused of corruption that are not party members. Administrative punishment can include a reprimand, demotion, dismissal, or referral for criminal prosecution. Among the three bodies with anti-corruption authority, the legal system acts on the smallest number of cases.

To restructure China's anti-corruption approach, the National People's Congress approved a constitutional amendment in March 2018 that established the Supervision Law and created a supersized agency called the National Supervision Commission (NSC). The new commission has oversight over civil servants in the entire public sector: the CCP, the government, the people's political consultative congresses, federations of industry and commerce, and others who work in organizations that manage public affairs such as State-Owned Enterprises (Horsley, 2018). Neither the law nor the commission's mission delineates the NSC's relationship with the powerful anti-graft body, the

Central Commission for Discipline Inspection. Just how effective this top-down approach will be is a matter of speculation.

5.4 Corruption abuses

Bribery and embezzlement are the most common abuses. Other common abuses on the record include selling and purchasing government appointments and land acquisition and transfers. "Typically, local officials use illegal (and sometimes violent) means to acquire farmland at low prices and later sell the user rights of the land to developers in exchange for bribes" (Pei, 2007, p. 3). Chinese scholar Minxin Pei (2007, p. 3) asserts, "Collusion among local ruling elites (corruption cases involving groups of officials who cooperate and protect each other) … has transformed entire jurisdictions into local mafia states." He points to "Fuyang, a city of 9 million, located in Anhui Province of producing a succession of corrupt party chiefs and mayors" (p. 3). Included among those punished was a succession of police chiefs and bureaucratic chiefs.

China's National Audit Agency uncovered misappropriated and misspent public funds that amounted to $170 billion for the period from 1996 to 2005. The audits included practices such as overstating the number of staff, setting up slush funds, misappropriating special funds, and collecting illegal fees (Pei, 2007). It is estimated that approximately 18,000 corrupt officials in the period from 1994 to 2008 fled the country, taking with them an estimated 800 billion yuan ($128 billion in U.S. dollars) in plundered assets (Broadhurst, 2013).

Transparency International's corruption perceptions index (CPI) for 2018 ranks China as number 87 among the 180 countries ranked, The United States is ranked number 22, one notch behind France and one rank above the United Arab Emirates. (Transparency International, 2019). China is in the middle of the pack regarding the severity of the corruption problems it experiences. Corruption measures like the CPI are helpful but still insufficient to gauge the depth and corrosive nature of the problem on ordinary people. Moreover, conventional wisdom holds that the corruption that is not seen is like the submerged part of the iceberg – much larger than the tip. The reality in China is that the corruption we do not see is most likely gigantic.

Media stories of corruption are quite common and, as Minxin Pei (2007, p. 2) notes, "high profile scandals paint a grim picture of corruption in China." Perhaps the most notorious story in recent times is the case of 63-year-old Bo Xilai, a disgraced CCP aristocrat, and former Politburo member. He was the CCP secretary of the sprawling (nearly 29 million) Chongqing municipality and an aspirant for a seat on the powerful CCP standing committee. In March 2012, he was put under house arrest and a month later expelled from the Politburo as a disciplinary investigation began over allegations of corruption and abuse of power. A few months later, he was expelled from the CCP. A year later he was sentenced to life imprisonment for taking 20 million yuan ($3.2 million U.S.) in bribes, embezzlement of 5 million yuan and abuse of power. His fall from power was made even more dramatic by his wife's murder conviction in August

2012. His wife, Gu Kailai, was found guilty of killing British businessman Neil Haywood in a dispute over economic interests that involved her son. She now faces life in prison as the court handed her a suspended death sentence.

Bo Xilai, a princeling whose father was a revolutionary hero, is described as a man with an insatiable ambition who pursued a path to power that is littered with ruthlessness. At age 17, he joined the Red Guard and is said to have denounced his father who was purged by Mao and spent 12 years in prison. In the early years of the Cultural Revolution, Mao's forces turned on both the father and son, who were shipped to a Beijing labor camp for five years (Wines, 2012).

After Mao's death, both father and son were back in the fray. The father, Bo Yibo, became vice premier in 1979 and young Bo was on his way up the echelons of power. He was named the mayor of Dalian and married Ms. Gu, whose family pedigree included a father who helped lead Communist resistance to the Japanese in the 1930s and 1940s. In the mid-1990s, Bo was appointed the governor of Liaoning Province and given a seat on the 370-member Central Committee. In 2007, he was made party secretary of Chongqing and set about spearheading an anti-corruption campaign that received international attention. His populist self-promotion style of leadership earned him the reputation as the "closest China had to Huey Long" (Osnos, 2014, p. 253). His promotion of a Mao-era spirit reminiscent of the Cultural Revolution eventually threatened powerful figures in the party and contributed to his downfall (see Wines, 2012).

5.5 Methods and means

Those who engage in corrupt behavior can be quite creative. Consider the use and abuse of creating and selling phony receipts to pad one's pocketbook, that is, graft. New York Times reporter David Barboza (2013) writes that phony receipts are widely used to defraud multinational corporations, such as the British pharmaceutical giant Glaxo-SmithKline, of millions of dollars. Receipt fraud is a two-way street that sellers and buyers travel. Furthermore, it is not limited to a single type of receipt. In Shanghai, signs are posted throughout the city for all kinds of fake receipts: travel receipts, lease receipts, waste material receipts, and value-added tax receipts. Fake receipts are even marketed on Web sites. Not everyone gets away with this kind of corruption. In 2010, Chinese authorities claimed to have raided 74,833 enterprises that had filed false inventories with the government. In Zhejiang Province, a businessman was jailed in 2013 for "helping 315 companies evade millions of dollars in taxes by issuing fake invoices" (Barboza, 2013, p.A1).

Government officials are not immune either. A government official from China's Gansu province was sentenced to death with a two-year reprieve for using fake receipts to embezzle millions of dollars. However, why do employees who work for government agencies or SOEs bolster their compensation by filing fake invoices? Professor Wang Yuhua at the University of Pennsylvania

explains: "Their salaries are relatively low. So they supplement a lot of it with reimbursements" (Cited in Barboza 2013, p.A1).

Bribes and kickbacks, of course, are the staple of much corruption in China. There is scant evidence that government officials and CCP members are immune. The list of candidates includes judges. Journalist Evan Osnos (2014) recounts the story of Hu Gang, a 50-year-old man who could not resist the "dark arts of success" by bribing judges with cigarettes, banquets, and visits to massage parlors. In return, Hu's auction business to handle foreclosures expanded rapidly in which "a single signature from a judge bestowed the right to a hefty commission on the sale of buildings, land, and other assets" (p. 249).

Graft, extortion, and bribery also thread through everyday life in China, even in hospital experiences. A young woman who gave birth to twins in Guangzhou was told by the hospital that she would have to pay $630 in hospitalization fees if she wanted to see her girls. Three days later, the amount rose to $800. She did not have the money, so the hospital reduced the price to $707. Is this a case of extortion? Alternatively, is the hospital merely "reminding" the young woman to pay up? (Wee 2018).

5.6 Tigers and flies beware

Are China's leaders winning or losing the struggle with corruption? The emerging consensus is that China's leaders are well aware of the gravity of the situation, but are up against the powerful forces of state capitalism, human ambition, and opportunity in a high growth economy. "On one hand," says Shengming Tang (1997, p. 140), "self-enrichment and pursuit of personal wealth have finally become a socially approved goal. On the other hand, only a very small number of Chinese people can get rich.… In the Chinese context, the strain is even sharper and harder because Chinese people have endured a long period of poverty, and self-enrichment has become a socially approved goal only recently."

This is not a pretty picture. However, we should heed the call by President Xi Jinping that the failure to reign in corruption could cause the "collapse of the Party and the downfall of the state." Speaking before the disciplinary arm of the CCP, he said: "Power should be restricted by a cage of regulations." That is, sound disciplinary, prevention and guarantee mechanisms are needed "to ensure that people do not dare to, are not able to and cannot easily commit corruption" (Cited in Xinhua, 2013). Both "flies" (low-level functionaries) and "tigers" (high-level officials) should be caged (caught). He further advocated eight steps to restrain official excesses, including "no welcome banner, no red carpet, no floral arrangement, or grand receptions for officials' visits" (Xinhua, 2013).

Former President Hu Jintao also voiced his concerns in his final speech before the CCP in the Great Hall of the People:

> Combating corruption and promoting political integrity, which is a major political issue of great concern to the people, is a clear-cut and long-term political commitment of the Party. If we fail to handle this issue well, it

> could prove fatal to the Party, and even cause the collapse of the Party and the fall of the state. Leading officials at all levels, especially high-ranking officials, must readily observe the code of conduct on clean governance and report all-important matters. They should both exercise strict self-discipline and strengthen education and supervision over their families and their staff; and they should never seek any privilege.
>
> (Cited in Xinhua, 2012)

President Xi Jinping's anti-corruption campaign, launched after he became the general secretary of the CCP in 2012, remains potent. The "tiger," Bo Xilai, as described previously, has been caged. Another "tiger," retired former Politburo Standing Committee member, Zhou Yongkang, who also once led China's domestic security agency, has been expelled from the CCP. He has been accused of "taking bribes, helping family members and cronies plunder government assets and leaking official secrets" (Buckley, 2014). An elder son who purchased two oil blocks from the state-owned energy giant China National Petroleum Corporation pocketed more than $80 million when he quickly resold them (Pei, 2014). The official Xinhua news agency announced the expulsion of Zhou, noting that investigators found that he "exploited his position to obtain unlawful gains for multiple people, and directly or indirectly through his family took massive bribes" (Buckley, 2014). Zhou Yongkang is the first member of the elite Politburo, retired or active, to face a criminal investigation in a corruption case.

In a closed-door trial in 2015, Zhou was found guilty of taking the $117,000 in bribes, leaking classified documents, and abusing his power. He was given a life sentence in prison rather than death. Critics claim this was a negotiated light sentence to prevent "national secrets." moreover, information about higher-ranking political elites from becoming public (Chen, A. & Huang, K. L. 2015).

Mr. Xi's anti-corruption campaign has caged many "tigers" (senior officials with vice-ministerial ranks and above). Also swept up in the corruption net are 'tigers' in the People's Liberation Army (PLA). More than 100 officers above the corps level, including two generals Fang Fenghui and Guo Boxiong, have been caged (Pei, 2014). General Fang, a former chief of staff of the PLA, was sentenced to life imprisonment for bribery and obtaining huge sums of money from an unknown origin. General Guo, who held a seat in the Politburo, was convicted of taking $12.3 million in bribes was sentenced to life imprisonment for bribery (Mai and Chan, 2016).

The crackdown on corruption has even swept up low level "flies" in coal-rich regions. Seven of the 13 party members who run Shanxi Province have been stripped of power or thrown in jail for collusion with coal barons. The lavish lifestyles of coal barons were made possible by an "incestuous network of entrepreneurs and party officials who bought and sold government posts to maintain control of the area's lucrative coal mines" (Johnson, 2014). A government official, for example, who controls the allocation of mines to investors and can close one if he decides it is unsafe is an easy mark for those seeking ill-gotten gains. The Chinese newsmagazine *Caixin* spent three months investigating the

culture of corruption and found that local businessmen spent about $150,000 a year bribing officials, with one lucrative government post costing $650,000.

Corruption driven by an individual's lust for material gain is well documented in China and other nations. However, what is not well documented nor understood is what the scholar Minxin Pei calls "crony capitalism" – the collusion between power and money (2016). He built a data set of 260 cases in China to study why and how government officials colluded with businessmen and gangsters in a corruption network. In the worst cases, a predatory network can "seize control" of local governments and turn them into local mafia states. "Collusive corruption," Pei writes, "is more destructive than individual corruption because such behavior destroys the organizational and normative fabric of the state, increases the difficulty of detection, and produces greater financial gains for its perpetrators" (2016, p. 9). Moreover, he points out that in an environment where a very large number of officials engage in crony capitalism, detection is very, very difficult because of the ease of covering up the looting and stealing.

The struggle against corruption continues unabated in China, and there is likely to be growing social disharmony along the way with no guarantees that China's economic miracle will continue. However, is this outcome inevitable? Can corruption and prosperity coexist in a manner that does not foster discord? The answer to this important question remains much debated.

5.7 The road ahead

Perhaps the most intriguing question about corruption in China's future is: What are the consequences for ordinary Chinese citizens? That China has prospered significantly over the past several decades is beyond dispute. Nor is there much dispute about the growth of corruption in kind and scale since the reform and opening in the late 1970s. There is, however, as noted previously, disagreement about the interplay between growth and increasing corruption. The conventional wisdom, along with supporting evidence, is that economic growth creates many opportunities for corrupt behavior that, in turn, is harmful to society.

Furthermore, as suggested by the Chinese leaders quoted above, corruption can become deadly cancer. So given the experience of steady – indeed spectacular – growth of the economy in the post-Mao era in conjunction with the steady onslaught of corruption and widespread perception that Chinese regimes have been unable or unwilling to cage a sufficient number of 'tigers' and 'flies' to bring the corruption beast under control, why does the country continue to prosper? Perhaps the answer is that conventional wisdom is wrong.

Consider the persuasive case made by Georgia State professor Andrew Wedeman in *Double Paradox: Rapid Growth and Rising Corruption in China*. He notes that critics (He, 2004; Pei, 2006; Fan & Grossman, 2001) of China's efforts to control corruption point to low rates of detection, lax punishments, and the assumption that the guilty are often protected by powerful patrons.

However, his study revealed that the rate of corruption, drawn from an examination of the raw data on indictments from 1970 to 2008, shows a downward trend since 2000 (Wedeman, 2012, p. 143). Thus, he concludes:

> Even though corruption intensified as the deepening of reform progressively loosened controls and spawned new opportunities for illicit activity, corruption never really spiraled out of control.
>
> On the contrary, as corruption worsened, the regime responded first with a series of short-term bursts of hyper enforcement ("campaigns") designed to wipe out corruption. When these failed to dramatically reduce the level of corruption, the regime launched a sustained war of attrition … and while its efforts may not have been entirely or perhaps even largely successful in dramatically reducing corruption, the mere fact that the regime battled corruption prevented it from spiraling out of control. The regime's sustained war on corruption has thus acted as a governor, albeit an imperfect one that has at least kept corruption in check.
>
> (Wedeman, 2012, p. 141)

Insofar as Wedeman's analysis is correct, one might conclude that while China is winning the war on corruption, it is losing many battles along the way. So should China stay the course, that is to say, keep doing what it has been doing, or should new strategies be devised? An even bigger question that needs to be addressed is whether rising rates of corruption and rapid growth can be sustained?

5.8 New directions?

Can China stamp out corruption with more top-down enforcement, including hefty punishment for offenders? The creation of the National Supervision Commission indeed suggests so. However, it may be wishful thinking to imagine that corruption can be eliminated, although it is undoubtedly feasible to do more to control the galloping rate of corruption. Indeed, there may be a tipping point reached where social unrest, fueled by corruption, widens the already large gap between the "haves" and "have nots" or calls into question the competency of the government to deliver public services, and challenges the very survival of the regime.

Let us look at several options available to Chinese leaders to avoid a tipping point. China's future is not knowable, but there is every reason in this hyperconnected world to rally behind China's war on corruption. With that in mind, the following administrative and political reforms are:

1 *More effective surveillance and enforcement*. The anti-corruption dragnet now in place is caging "tigers" and "flies," but even more, can be done. Steps are being taken to step up surveillance and enforcement. For example, the development of a nationwide facial recognition system that uses surveillance

cameras is well underway. Exactly how such a system can detect wrongdoing behavior, however, has yet to be explained. Other anti-corruption Artificial Intelligence includes building a system called "Zero Trust." This system will have access to more than 150 protected databases in central and local governments to map out behaviors of government employees. For example, the system will be able to flag unusual bank account activity (Durden, 2019). Thus, authorities will have the ability to monitor, evaluate, and intervene in the work and personal life of millions of public servants (Chen, 2019).

Another tool for detecting corrupt behavior and practices is to embed an anti-corruption team in state-owned conglomerates, especially financial bodies such as banks and insurance companies. Associate Professor Wang Jiangyu from the National University of Singapore's law faculty believes that surveillance teams would have "a significant and immediate effect" on China's anti-corruption effort (Zheng, 2018).

Regarding strengthening enforcement, one step in this direction was announced in 2014 with a plan to increase the staffing and status of the General Office of Anti-Corruption, the office responsible for prosecuting cases investigated by the CCDI. Wang Qishan, who heads the CCDI, said the party would continue to put pressure on cadres and gradually build effective systems so that they "do not want to be corrupt" and "cannot be corrupt" (Cited in Jing, 2014).

Moreover, as discussed earlier, the work of the National Supervision Commission should have a chilling effect on corruption perpetrators. Suspects under investigation, for example, can be detained for up to six months with no access to a lawyer and face criminal charges.

2 *Improve the education and training of officials and the public*. Enforcement does have limits. China "can seek to improve the aggregate level of honesty by educating officials and the public on the negative consequences of corruption, try to convince them that corruption is morally wrong, and signal that those subject to official extortion or witnesses to corruption that they should report illegal demands" (Wedeman, 2012, p. 144). Without question, this is a tall order, much like the challenge in collecting taxes, whereby the more effective tax collection system rests heavily on the voluntary behavior of the taxpayer, to be honest, and forthcoming.

3 *Promote transparency*. Opportunities for corruption typically shrivel when transactions are made more visible. Transparency is also an effective antidote to risk-takers; it raises the probability of getting caught. Of course, the vehicles for fostering transparency, such as vigorous and open media, including the Internet, are necessary.

Greater transparency, especially if coupled with citizen oversight, could be a powerful tool for curbing corruption. China has expanded channels for citizens' complaints. Citizens can report corruption complaints via written applications, personal visits, hotlines, or the Internet to one of the anticorruption agencies. Chinese officials say that four out of every five

anti-corruption investigations are initiated by whistleblowers (World Bank Group, 2017).

Still much more transparency is needed. China does not have a reputation for a commitment to transparency in governance. It is fair to say that China has a long distance to travel to promote sufficient transparency for this anti-corruption elixir to work effectively.

4 *Pursue political reform.* Pei (2007) notes that Beijing has favored a top-down approach with the routine issuing of tough-sounding directives and regulations to curb corruption at the local level. Such centralizing initiatives (e.g., rotating provincial anticorruption chiefs, dispatching inspection teams to the provinces to check up on provincial party bosses) have limited effects. A more comprehensive approach is needed that reduces the role of the state in the economy, increases judicial independence, and mobilizes the power of the media and civil society (Pei, 2007, p. 4). Whether this is merely wishful thinking remains to be seen.

Should none of the options discussed above be chosen and be effective, we may witness a Leninist regime in decay and the emergence of yet again a "new China."

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6 Corruption in South Asia

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6.1 Introduction

South and Southeast Asia are diverse regions, home to nearly two billion people, a wide range of ethnic groups, and multiple forms of government structures and governance models. For example, the two regions are home to countries that were able to fend off formal colonization (Nepal and Thailand), countries that essentially were creations of western economic ambitions (Singapore), those for whom independent status was the result of multiple armed conflicts (Vietnam, Myanmar, Laos, and Cambodia) and India and Pakistan. The South and Southeast nations utilize every form of governance that currently exists in the world (from democracies to dictatorships and continuing experimentation with communism to constitutional monarchies). This diversity is critical to framing and understanding corruption in these regions. Patterns of corruption similarly are not uniform, although issues of the valuing of the rule of law seem to be a common thread.

Trying to make any generalizations about the region requires that we both affirm and reject some standard assumptions about corruption. For example, the long-held assumption that cultural diversity (Coleman, 1960; Morris-Jones, 1964; Riggs, 1964) is a factor in corruption may be correct in a superficial sense, but may not be in the particular. A second consideration is whether the type of colonial experience (or the lack thereof) presages the patterns and types of corruption. Third, have western notions of property rights derived from neo-conservative economic theory played a role in our judgment about levels and types of corruption? These are essential questions to sort through.

The chapter discusses the state of corruption in the regions of South and South East Asia. It analyzes how factors such as history, culture, ethnic pluralism, weak regulations, and fragile institutions limit the measures to control corruption in the region. The chapter then discusses the consequence of systemic corruption in the region, and strategies that states are employing to counter it.

6.2 Corruption in historical perspective

Corruption in the South Asian context is not a new phenomenon. Two thousand years ago, Kautilya the political advisor to Emperor Chandra Gupta of the Mauryan Empire, the first empire in archaeologically recorded history to rule most of the South Asian subcontinent, had elaborately discussed corruption in his book *Arthashastra*. According to Kautilya (2.8.4–19), government servants could resort to corruption in two ways – by cheating the government or by exploiting the public. There is a single verse in *Arthashastra* that lists 40 ways of stealing at the cost of the public. According to Rangarajan (1987), the 40 ways are usually viewed as opportunities for corruption and exploitation of the public. Regarding the possibility of corruption seeping into state administration, Kautilya had stated, "just as it is impossible not to taste the honey or poison placed at the tip of one's tongue; it is not possible for the one working in the King's treasury not to misappropriate a portion of it, no matter how small" (Cited in Kane, 1973, p. 144).

As the King's officials were the backbone of state administration during Chandra Gupta's time, it was imperative that they are kept in check. *Arthashastra* mentions how informers should be appointed by the state to report to the king about misappropriating officials and how the king should deal with those officials. However, if the informant failed to prove the accusation leveled against any officer, he was liable to receive either corporal or monetary punishment as per the nature of his accusation (Narayan, 2005). These references from *Arthashastra* prove that public sector corruption existed in the subcontinent since ancient times.

In 2002, a Transparency International (TI) report stated that "corruption is endemic and rampant in South Asian countries" and that the three big countries in the region, India, Pakistan and Bangladesh, figured among the poor performers in both the corruption perceptions index 2002 and the United Nations Development Program's Human Development Index 2002 (TI, 2002a, p. 4; TI, 2002b. As noted by the World Bank (2014), South Asia has experienced sustained economic growth and declining poverty rates over the past 20 years; however, increasing levels of corruption in the region are impeding this progress. According to the Mahbub ul Haq Human Development Center (1999), if India were to reduce corruption to the level that exists in the Scandinavian countries, investments would increase by 12 percent and the GDP growth rate by 1.5 percent per annum. Likewise, if Pakistan were to bring down its corruption level to be on par with Singapore, its GDP growth rate could increase by 2 percentage points. Despite these facts, the growing deliberations on good governance and reform initiatives explored by both the international donor community and national governments, the region has not been able to break the cycle of corruption (TI, 2013).

There are various propositions about corruption in South Asia and why it is so difficult to quell. Some argue that bureaucratic corruption, as opposed to political corruption, in South Asia, is a logical evolution of colonial behavioral

patterns. According to Dwivedi (1967, p. 246), the colonizers did not practice universalism in administration because they perceived the natives as "lesser breeds without laws." To most colonial administrators, nepotism, bribery and other publicly condoned acts all suggested the inferiority of race and norms (Houghton, 1913) and perhaps because of this perception, the colonial administrators developed a certain apathy and even subtle acceptance of such 'unethical' behaviors among natives.

Dwivedi (1967) further argues that the British, while recruiting native administrators, also sidelined merit, which is the foremost criterion of modern bureaucracy. Preference was given to neo-Christian converts over qualified non-Christians in civil service appointments and promotions (Coleman, 1960). These irregularities were internalized by the subsequent administrative states. Besides these, an oft-quoted thesis about corruption in South Asia claims that, most often, it is the cultural composition of the region that acts as an impediment in combating corruption (Coleman, 1960; Morris-Jones, 1964; Riggs, 1964). While we do not necessarily agree with this perception, there is no denying that these regions are rife with poverty and are rated as highly corrupt. We question assessment methods that tilt rankings toward countries that exhibit western economic values even more than political and ethical values in judging corruption. In viewing ratings, it is sometimes easy to conclude that some countries overperform and others underperform, regardless of income levels (Mungiu-Pippidi 2015).

6.3 Cultural aspects of corruption

Fred Riggs (1964), in his study of societies in developing states, discussed how primary associations such as family, kinship, caste, tribe and religious affiliation play a very important role and that these associations have the first and the greatest call on individual loyalties in prismatic societies, that is to say, societies that appear modern but retain traditional ways of operating beneath their modern façade. Riggs's prismatic societies are very similar to those of South Asia (and Myanmar and Thailand). Administrative systems influenced by such traditional loyalties, according to Dwivedi (1967), will be inclined toward particularistic rather than legal-rational patterns of recruitment. It is therefore difficult for a South Asian administrator to comprehend how favored treatment towards a caste member or a tribe member can be deemed unethical. Every time an official "fixes" an application or a license disregarding merit or bureaucratic neutrality, he or she is acting in accordance to the law of social conduct more ancient than the laws and rules of an upstart state (Morris-Jones, 1964; de Zwart, 1999). Another aspect of South Asian culture that encumbers the fight against public sector corruption is the sociopolitical status of public bureaucrats. For the majority in the subcontinent, the most immediate context for encountering the state is provided by their relationships with government bureaucracies at the local level (Gupta, 1995). Public bureaucrats at the local level are perceived as a representation of *Sarkar*, that is to say, the apparatus that has its

roots in the colonial era that wields civic and political authority and therefore are treated with absolute deference. Most citizens, instead of expecting services and benefits from public administrators as their political right, feel obligated and grateful (Balachandrudu, 2006). Also, the notion of extensive accountability to the public is culturally alien, especially to the Indian Administrative Service and its various dependent branches (Peisakhin & Pinto, 2010). One can say the same thing in regards to Pakistan, Bangladesh, Myanmar, and Sri Lanka. Protected by the law and often possessing a sociopolitical advantage over those they administer, the bureaucrats continue to enjoy many traditional prerogatives enjoyed by their colonial and feudal predecessors. While not part of that colonial tradition, the pattern in Nepal and Thailand is quite similar.

Another phenomenon that has seeped into South Asian culture and which substantially contributes to systemic corruption in the subcontinent is the forging of "thick relationships" (Schwartz, 2013, p. 46) between the politicians and the bureaucrats. The maintenance of law and order through compliance of legal, constitutional rules and norms serves as a bulwark against corruption. However, in South Asia, administrators often resort to constitutional logomachy to subvert legal norms and to bypass the deserving and meritorious in order to fill the bureaus with those who have political connections (Shekhawat, 2005). Indeed, the coup d'etats in both Myanmar and Thailand can be linked to this pattern of political appointment. Fred Riggs (1994) had warned against such practices stating that this process creates a morphed version of public servants known as "retainers" that are extremely difficult to uproot.

According to Riggs (1994), when nonmerit appointees can retain their status as bureaucrats, they typically become a powerful political force. Compounded by their want of administrative qualifications, they start forming self-protective networks in order to safeguard their special interests, especially their right to stay in office. As stated above, after these retainers have held office for a long-enough time, they become so well entrenched that they can successfully resist all efforts to accomplish significant reforms (Riggs, 1994). These appointees who hold positions granted by superior authorities based on personal and partisan considerations are much more likely to abuse their powers, especially if they are not well paid and not well monitored by extra-bureaucratic, namely constitutional, institutions (Riggs, 2002).

In Myanmar, the country's political leadership struggles to undo decades of corrupt practices, especially bribery. As noted in a recent *New York Times* article:

> Lawyers in Myanmar are well accustomed to paying out a stream of bribes to clerks and judges as part of a widely acknowledged culture of graft.… In several areas, Myanmar has undergone a radical transformation since the dismantling of five decades of dictatorship. Debates in Parliament tackle thorny issues; the media, muzzled for five decades, is uncensored; and the fear of being bullied, beaten or detained by the police and soldiers is lifting.

> However, the state of the justice system leaves many lawyers pessimistic about the country's vaunted reforms.
>
> (Fuller, 2014)

This kind of "retainer system" requires reciprocity, that is to say, retainers support their political bosses but also depend on them for the continuation of their offices (Riggs, 2002). Therefore, there is a strong interdependence between those in power and those running the administration. Rulers ask for favors for themselves and their kin from these bureaucrats and the bureaucrats, in turn, ensure the continuation of their office by complying. Since retainers can expect to remain in office for a long time, they tend to cultivate informal associations with their colleagues to strengthen their hold on office and their ability to resist reforms (Riggs, 2002) that might replace them. These types of bureaucracies are less competent, and the values that they hold are incompatible with the ethos of democracy and the rule of law. It is therefore unsurprising that TI's latest report mentions a "serious lack of political will on the parts of the governments to make laws work in South Asia" (TI, 2013). According to the report (TI, 2013), citizens of the subcontinent find themselves unable to access key information on how their governments are performing in order to hold them accountable; there is a lack of meaningful protection for whistleblowers, which means that the chances of detecting wrongdoing by those in positions of power are slim; and there is a widespread political interference in the work of anti-corruption agencies.

Reservations for minorities, a policy put in place to create equal societies in a region fraught with caste systems, has instead contributed to political and administrative corruption. With the disintegration of the dominant one-party system in almost all South Asian states, the region has entered an era of coalition-politics, and this evolved scenario demands competitive populism to secure votes. Different political parties have their vote banks comprising castes-based and religious members, and they compete among themselves to appease and accommodate them by doling out largesse or by offering political and administrative posts (Shekhawat, 2005).

6.4 Other determinants of corruption

Studies have suggested that the more affluent and better educated the citizens of countries, the more capable they will be of monitoring their public representatives. Due to the threat of being caught, incentives are reduced for politicians and bureaucrats to indulge in rent-seeking behavior. Huntington (1966) also posited that in the earlier stages of development, there are greater opportunities for corruption due to the changes in the socioeconomic systems. These hypotheses ring true for the transient South Asian states. Afghanistan, Pakistan, and Nepal are among the poorest countries of the world (World Bank, 2013). According to the World Bank's most recent poverty estimates, about 571 million people in the region survive on less

than $1.25 a day, and they make up more than 44 percent of the developing world's poor.

South Asia is a region with high levels of ethnic, linguistic and religious diversity (CIA, 2010) and several studies have shown that, on average, greater diversity is associated with higher levels of corruption (Alesina et al., 2003; La Porta et al., 1999). India alone has three major ethic groups (Indo-Aryan, Tibeto-Burman, and Dravidian), 15 official languages and at least five major religions: Hinduism, Islam, Christianity, Buddhism and Sikhism (CIA, 2014). In Pakistan, people belong predominantly to seven ethnolinguistic groups: Punjabis, Sindhis, Seraikis, Pashtuns, Mohajirs, Balochs, Kashmiris, and Ranghar, with smaller numbers of Brahuis, Hindkowans, Chitralis and other small, minority ethnic groups (CIA, 2014). In Nepal, 125 castes/ethnic groups and 125 spoken languages were reported in the 2011 national census (Nepal Central Bureau of Statistics, 2012). According to Mauro (1995), regions or countries with higher ethnolinguistic fractionalization might reduce the likelihood that citizens will oppose or penalize corrupt public officials. Charron (2010) also opined that regions that have higher levels of heterogeneity would be more susceptible to clientelism and politics of division that led to increased levels of corruption in the public sector.

Another factor that exacerbates corruption in the region is its professional accountability vacuum (World Bank, 2010). No country in South Asia is in full compliance with the cash-basis International Public Sector Accounting System (IPSAS). No government is committed to preparing consolidated financial statements showing cash receipts and payments for all public monies controlled by the government – only the accounts of central government ministries, departments and agencies are presented. Such a presentation, although essential to ensure that the amounts have been raised and spent in accordance with the budgets passed by the legislature, excludes the public resources that are controlled by governments through public undertakings or state-owned enterprises, which in South Asia are quite large relative to the amounts channeled through core government departments (World Bank, 2010). According to World Bank (2010), although countries are moving toward a greater professionalization of their accounting staff through qualifications that comply with International Education Standards for professional accountants, in general much remains to be done to upgrade the capacity of public sector accounting systems in South Asia.

According to TI (2014), citizens face challenges in realizing their right to information. Comprehensive Right to Information (RTI) legislation is in place in Bangladesh, India, and Nepal and has recently been passed in the Maldives (TI, 2014). In Pakistan, a new law is under discussion while the right to information is nonexistent in Sri Lanka. However, according to the TI report, even where it is in place, public agencies do not respond to citizens' requests for information effectively. Also, citizens in the region are not often aware of their right to information, which is frequently due to a lack of commitment on the part of the government (TI, 2014).

Another point that the latest TI report on corruption in South Asia raises is in regards to protection for the whistleblowers (TI, 2014). Before 2014, Bangladesh was the only country in South Asia to have a dedicated whistleblower protection law. However, there has been very little progress in implementing the law, and awareness among potential users is almost non-existent (TI, 2014). In India, a new whistleblower protection law was passed in early 2014, but it lacks international standards, and the agency responsible for implementing the act does not have the power or the will to enquire into complaints and impose penalties (TI, 2014).

To make matters worse, essential watchdog institutions of the judiciary and anti-corruption agencies are unable to keep a check on government abuse, especially in India, Nepal, Sri Lanka and Bangladesh (TI, 2014). According to the report, "the effectiveness of these supposedly autonomous accountability bodies is seriously undermined by systematic political interference and manipulations either through deliberative restrictions on their power to tackle corruption or through tight governmental control over appointments, transferals and removal from office of senior staff" (TI, 2014, p. 4). The report analyzed how well 70 national institutions in Bangladesh, India, the Maldives, Nepal, Pakistan and Sri Lanka stop corruption and found out that in all six countries those that fight against corruption as well as ordinary people who want to report, expose, investigate or prosecute corruption face legal barriers, political opposition, and harassment that allow corruption and abuse of power to continue unchecked (TI, 2014).

What can we make of these conflicting and problematic outcomes? In effect, there are several different forms of corruption at play. The corruption of which Dwivedi (1967), Riggs (1994, 1996, 2002), and Shekhawat (2005) spoke is the corruption of the failure of the rule of law, reinforced by social constructs, which support this failure. This is the classic organizational dilemma whereby persons in some organizations and some governments act unethically because the organizations themselves allow those unethical behaviors to go unchecked (Cox, Hill & Pyakuryal, 2007; Cox & Pyakuryal, 2013). The second version of corruption is the corruption of greed and opportunity.

6.5 Consequences of corruption in the region

How does a region with fairly strong economic growth (World Bank, 2013) still have such high levels of poverty? According to anti-corruption bodies such as TI, the answer is corruption, which allows those in authority to act without having to be accountable for their actions. All countries of the region (except Singapore, Malaysia and India) score under 40 out of 100 on the 2018 corruption perceptions index (CPI), which speaks volumes about the region's rampant public sector corruption that threatens to jeopardize fragile political and economic advances made in the region (World Bank, 2013).

In 2018, India ranked seventy-eigth out of 180 countries in TI's CPI, climbing ahead of its neighbors like China and Sri Lanka. According to the

Federal Relations Council, several high-profile scandals have underscored the extent of the problem. In 2010, allegations emerged surrounding the blatant miscalculation of funds at the Commonwealth Games, which cost almost 18 times the estimated budget, of poor infrastructure and financial irregularities regarding contracts and the scandals led to the resignation of two senior Congress party Members and other government officials (CFR, 2014).

Soon after, an auditor's report uncovered a massive telecom scam estimated to have cost the government some 39 billion dollars (CFR, 2014). Telecom Minister Andimuthu Raja, accused of orchestrating the sale of licenses below market value, resigned in 2010. He was arrested in 2011 but was out on bail in late 2013. The outraged opposition parties shut down parliament for three weeks and mobilized massive protests in Delhi (CFR, 2014).

In 2012, the Indian government was again mired in controversy in the "Coalgate" scandal in which an estimated 34 billion dollars was lost, and Prime Minister Manmohan Singh himself was implicated (Indian Express, 2013). A year before, cables released in 2011 by WikiLeaks had revealed that a Congress Party aide allegedly showed an American diplomat a chest of cash intended as a bribe to secure parliament's endorsement of a controversial 2008 Indo-American nuclear deal (CFR, 2014).

In India, the police sector is perceived to be by far the most corrupt sector in the country, followed by health and electricity (TI, 2002a). A survey conducted by TI in 2002 concluded that two primary forms of corruption in the admissions process are donations and the use of influential relatives.

In Pakistan, the erstwhile President Mr. Asif Ali Zardari and his late wife, Benazir Bhutto, were found guilty in absentia by a Swiss court of laundering millions of dollars in kickbacks from Swiss firms while they were in government (BBC, 2012). They appealed, and Swiss officials dropped the case in 2008 at the request of the government led by the Pakistan People's Party of Mr. Zardari.

Figures uncovered in 2013 by Pakistan's Center for Investigative Reporting (CIR), an independent research group, brought forth the complexities of corruption in the country. The data was drawn from Pakistan's Election Commission, an independent body that compiles the financial declarations and tax statements of political candidates (Mashru, 2014). According to the CIR, almost 50 percent of Pakistani lawmakers pay no tax at all, and more than one in ten have never registered with tax authorities; those that do pay negligible amounts. Data from 2010 by the Institute of Legislative Development and TI estimates that legislators in Pakistan have a net worth, on average, of $800,000, yet, according to the CIR's report, many pay less than $100 in tax, with some contributions as low as $17 (Mashru, 2014).

In Pakistan, the department that was perceived to be the most corrupt was police, followed by electricity and taxation. According to the survey conducted by TI (2002a), corruption was perceived to be rampant; with a third of all incidences of bribes paid to reduce customers' assessed tax. Employees of the department of tax were identified as the significant facilitators, and in most cases,

bribes were extorted. A lack of accountability was identified as the main reason for the prevalence of corruption in the tax department (TI, 2002a).

In Bangladesh, 1,129 garment factory workers perished when the factory they were working in collapsed (BBC, 2013). It had been declared unsafe, but that never deterred workers coming to their jobs. It was a tragedy that took place due to systemic corruption in Bangladesh. The building was constructed on illegally occupied land and was operated in defiance of regulations and building codes with the help of corrupt officials (TI, 2014).

In Bangladesh, the police were perceived to be the most corrupt public agency followed by health and land administration. According to the 2002 TI survey, a majority of the respondents reported that corruption was pervasive in the regular functioning of government institutions with one in two respondents identifying weak accountability as a major factor facilitating corruption. An overwhelming number of users interacting with the land administration reported corruption, with surveyors and *Tehsildars* quoted as the significant facilitators of corruption. The majority of the victims of corruption cited extortion of bribes. Lack of accountability was identified as the critical facilitating factor (TI, 2002a).

Both Myanmar and Thailand have experienced considerable political upheaval, and both have had governments overthrown in the last decade. In both 2006 and again in 2014, Thailand experienced coup d'états. Similarly, Myanmar had a coup in 2010. All three coups were driven by public perceptions of corruption by senior elected officials. The Thai experience reflects a growing frustration by many but is grounded in deep divisions between urban and rural Thailand about the political direction of the country. Uniquely, the two prime ministers deposed by the coup d'etats are brother and sister, and they retain widespread support in rural Thailand (World Report, 2014). In 2011, former Prime Minister Thaksin Shinawatra's younger sister, Yingluck Shinawatra, won the general election and became the first female prime minister of Thailand. In November 2013, the government proposed an amnesty bill that would have pardoned several politicians for various charges since 2004. One of these would have been her brother. Anti-government protesters rallied against the proposal. Even though the bill was allowed to fail, public animosity grew. In December 2013, Prime Minister Shinawatra dissolved the parliament and called for elections, the results of which were nullified by the Constitutional Court.

During this time, investigations into the government continued. The Constitutional Court determined that Yingluck was guilty of abuse of power and on May 7, 2014, ordered her and seven cabinet members to step down. This ruling opened the door for an impeachment trial (BBC, 2014).

Despite efforts to engage in peaceful discussions, a military coup occurred on May 22, 2014. The military junta quickly established the National Council for Peace and Order (NCPO). The NCPO then dissolved the government and the Senate, invested all power in the executive, partially repealed the 2007 constitution, declared martial law and a nationwide curfew, banned political gatherings,

arrested and detained politicians and anti-coup activists, imposed internet censorship, and took control of the media.

In Myanmar, while admittedly from a very low starting point, perceptions of some aspects of political corruption (lack of press freedoms, for example) have improved since the change in government (Fuller, 2014). Myanmar also seems to be taking a step backward as the junta that deposed the prime minister in July has tightened rules on criticism of the government. Merely offering an opinion on politics can land a person in a military court and prison, leading Human Rights Watch to call for the junta to reverse course and revoke martial law, end rights abuses, and take concrete steps toward democratic elections (Human Rights Watch, 2014).

In early 2009, the Government Accountability Project (GAP) began hearing from anonymous whistleblowers in Sri Lanka who were concerned about discrepancies in the accounts of International Monetary Fund monies. Soon after, GAP released two reports that chronicled a series of unlawful transactions that transferred valuable revenue-producing enterprises from the public to well-connected corporate ownership (GAP, 2014). The reports also recounted the role of the Minister of Economic Reform, Milinda Moragoda, responsible for the illegal privatization of Lanka Marine Services (LMSL) and Sri Lanka Insurance Corporation (SLIC). Shortly before the Parliamentary Committee on Public Enterprises exposed the sales of LMSL and SLIC as corrupt, Moragoda switched political parties and lobbied for a new political appointment with the governing party (GAP, 2014). The recently reelected president, Mahinda Rajapaksa, appointed Moragoda Minister of Justice in July 2009 just as the Supreme Court issued the second of its judgments on corrupt privatization finding the terms of the sale of SLIC unlawful. As a result of Moragoda's political maneuver, the Attorney General, who was directing the Criminal Investigations Division responsible for the prosecution of those responsible for the two illegal transactions, found himself under the purview and supervision of Moragoda (GAP, 2014). The fact that no prosecutions have resulted from the fraudulent sale of either LMSL or SLIC is of great concern to the whistleblowers on these transactions in Sri Lanka. According to a survey carried out by TI, the police was perceived to be the most corrupt sector in the country, followed by health and education; however, a majority of those that reported interacting with the judiciary also reported corruption. The monopoly of power and excessive bureaucracy were cited as the key contributing factors (TI, 2002a).

On February 22, 2014, the *Annapurna Post*, a Nepalese daily, published an article about the importing of sub-standard medicines worth $500 million from India. According to the article, the government of Nepal has been importing medicines banned by the Indian government. The issue fizzled soon after it surfaced; the government did not respond to the allegations, and no action has been taken so far according to TI (2014).

During the winter of 2013, a senior orthopaedic surgeon, Professor Govinda KC of Tribhuwan University Teaching Hospital, went on a hunger strike at the premises of the hospital alleging that the university officials were involved in

graft and irregularities (TI, 2014). According to the doctor, the university officials distribute licenses to substandard medical colleges in exchange for hefty bribes. The government halted the process of issuing licenses for the time being, replacing the head of the teaching hospital, but journalists insist that the corrupt process continues (TI, 2014). According to a report published by TI in 2002, paying extra for prescribed medicines and being forced to buy medicines from specific pharmacies were cited as primary forms of corruption in the health sector. Doctors and hospital staff members were named as the major facilitators of corruption in the public health service (TI, 2002a). The report stated that land administration was perceived to be the most corrupt sector, followed by the customs department, police, and judiciary, respectively.

The mounting graft is worrying South Asians as it has tarnished the region's image among international investors. Since 1947, India has lost hundreds of billions of dollars in illegal capital flows (CFR, 2014) although experts note that there is not necessarily a direct correlation between corruption level and economic health of the region, the nature of graft has been corrosive to its growth (World Bank, 2013).

6.6 Addressing corruption

In India, the public outrage peaked by the spring of 2011. A Gandhian named Anna Hazare emerged as a prominent leader of the anti-corruption movement, vowing a "fast unto death" unless the government established a new anti-corruption agency, that is to say, the office of the Ombudsman or the Lokpal to review complaints at the highest level (CFR, 2014). Thousands took to his cause, and the United Progressive Alliance (UPA) led government finally announced that it would form a committee to draft the law. After stalling for months, India's Lok Sabha finally passed the bill in December of 2013 with the support of the opposition, ending Hazare's nine-day hunger strike.

The country saw a surge of anti-corruption rhetoric ahead of both state and national elections in the years 2013 and 2014, respectively. The Aam Aadmi Party (AAP) emerged as a new political party that got its start on an anti-corruption platform (BBC, 2013). Also, India's government has made a few attempts at the federal level to combat corruption. The 2005 *Right to Information Act* allows citizens to request access to any public record and, if approved, receive it within 30 days. The law can penalize noncompliance, requires authorities to digitize records, and has been hailed as an important achievement to fight corruption (CFR, 2014). Also, an increasingly activist judiciary has taken a stronger stance against corruption. In July 2013, the Indian Supreme Court ruled that it was illegal for politicians convicted of crimes to continue holding office although, in a highly controversial move, Manmohan Singh's cabinet withdrew the decree in October (CFR, 2013).

Technology has also helped, especially in states like Gujarat, where online systems have been implemented for state contract bids, allowing greater transparency. Websites like ipaidabribe.com expose graft associated with common

public services. The government of India is also devising an electronic identity card system, which would allow poor citizens to avoid intermediaries (CFR, 2014).

In the state of Punjab in Pakistan, corruption in land transactions, especially in Lahore, reached such proportions that the chief minister, Shahbaz Sharif, introduced a system, known as the Citizen Feedback Model. This system was put in place to enable citizens to report corrupt transactions (Hough, 2014). The authorities created a platform to send a text to citizens who had dealings with local government offices, asking them about the quality of the service they had received, and, most pressingly, whether they had been asked to pay a bribe (Hough, 2014). Over 2.1 million text messages have been dispatched since 2010, and over 8,000 cases of corruption have been reported: from that information, officers can create so-called "heat maps, illustrating where bribes tend to be demanded and how much has generally been paid" (Hough, 2014).

The information is not there solely to enable law enforcement to arrest corrupt public servants. On the one hand, public servants who are suspected of extorting bribes can be tested out by so-called mystery customers. Corrupt officials, therefore, can then be caught in the act. On the other hand, the very knowledge that the text-message service exists is hopefully enough to channel the minds of some potential bribers (Hough, 2014).

With the notable exceptions of Pakistan, and Sri Lanka in particular where no law exists, right to information laws in the region is considered relatively strong by international standards (TI, 2014). However, the administering and implementation of those laws are not up to par. Limited public sector capacity and public awareness pose acute hindrances in implementing such laws.

As far as the protection of the whistleblowers is concerned, all countries in the region have signed the UN Convention against Corruption, which requires them to consider adopting whistleblower protection legislation. So far, however, Bangladesh and India are the only two countries in South Asia to do so (TI, 2014), even though the legislation is relatively weak in India and is not effectively applied in Bangladesh.

Kautilya had recommended the death penalty for those that illegally acquired the king's wealth (Book II: VIII: 66). While this solution is not acceptable today, the process of fighting corruption starts from effective legislation and political systems that promote accountability.

6.7 Conclusion

All of the countries in South Asia struggle with both local and national versions of corruption. Old habits die hard. As this analysis suggests, corrupt practices are deeply embedded. New regimes that pledge reform fail as often as they succeed. Trust in government institutions and government officials are low. Therefore, the hope and expectation of adherence to the rule of law are thwarted. This then continues a cycle of lawlessness that frightens away western investors for new development, or in a pattern still more problematic, investors

go there because the lawlessness ensures a low-wage, compliant workforce. Greasing the palm of a petty bureaucrat is simply one more cost of doing business. Collaboration with tyrants and dictators, as Firestone did with Charles Taylor in Liberia (PBS, 2014), similarly is permitted to preserve profits for the western corporations and the senior government officials they support.

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7 Corruption in the Arab world

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7.1 Introduction

The 22 Arab states stretch across Africa and Asia, with more than 423 million citizens in 2019 (World Population Review, 2019). Although 21 states have ratified the UN Convention Against Corruption (UNCAC), only 3 Arab states scored above the world median of 50 in the 2012 Transparency International (TI) corruption perceptions index (CPI). That number decreased to two, namely UAE and Qatar, in the 2013 report (Jamali et al., 2013; TI, 2014; UNCAC, 2014); moreover, Qatar "had the sharpest decline in the overall index … by 10 points implicated with FIFA corruption scandals" (TI, 2016). Some may argue against the validity of CPI, yet the CPI does maintain correlation with other indicators. For one, the World Bank Worldwide Governance Indicators (WGI) also show correspondingly low rankings for Arab states on transparency, voice, accountability, and control of corruption (see Table 7.1).

The Arab states are generally characterized by high poverty, illiteracy, unemployment, inequality, low pay for civil servants, prevalence of conflict, and economic rent-seeking behavior, all of which are socioeconomic factors that create a rich culture for the manifestation of corruption (Arab Knowledge Report, 2009; Jamali et al., 2013; Touati, 2013; World Bank, 2014). Unemployment in the Arab world was as high as 16 percent in 2011, illiteracy affects more than 30 percent of the population, the Gross National Income (GNI) per capita for 2012 was $7,179, and the average consumer price inflation was 5.6 percent in 2012 and is forecasted to average 6.1 percent in 2014 (Bchir et al., 2014; Touati, 2013; World Bank, 2014).

Political and institutional challenges also face the Arab world as these countries mainly depend on a paternalist social contract, or what is termed a "rentier state," whereby the state is the main source of welfare and services in exchange for political allegiance (Arab Knowledge Report, 2009; Beck, 2013; Beblawi, 1987; Jamali et al., 2013). The economic, social, political, and institutional challenges facing the Arab states, albeit to varying degrees, tend to create an imbalance in the accountability cycle and fuel both the demand and supply of a corrupt environment creating an imbalance of distorted markets. This is reflected in the 2017–18 Global Competitiveness Index where only three Arab states score more

than 5.0, namely the UAE, Qatar, and the Kingdom of Saudi Arabia (KSA). In the case of Qatar and the UAE, this clearly correlates with their scores on the CPI and WGI on transparency, voice, and control of corruption.

We may generally divide the Arab states into two main categories. One category is that of the semi-rentier states where the state and public sector are more influential than the private sector and civil society since the state is mainly in charge of subsidizing various sectors of society and reallocating financial means (Beblawi, 1987; Beck, 2013). Most of the semi-rentier states also benefit from political aid due to their strategic locations, for example, Egypt, Somalia, Syria, and Yemen (Beblawi, 1987; TI, 2009). The other category is that of rentier states, and these are mainly the Gulf States, where oil rents rather than taxes are the main source of revenue, and in which cases the state again becomes more influential (Beblawi, 1987; TI, 2009). Others also depend on external location rent, such as the Suez Canal in the case of Egypt (Beblawi, 1987).

In both rentier states and semi-rentier states, citizens' power and demand for accountability is weakened and thus enhances the potential for corruption. The state becomes the main power for allocating resources through subsidies and protection, and the citizens' taxpaying power is quite diminished. Poverty and national culture foster an environment whereby "citizenship becomes a source of economic benefit" through the state's allocation of financial means for "loyalty and allegiance" (Beblawi, 1987, p. 386) creating a crosscutting paternalistic state in the region (AKR, 2009; Beck, 2013; Beblawi, 1987; Jamali et al., 2013; TI, 2009). State power is further enhanced as the private sector also heavily depends on the protection of and subsidization by the state, which again weakens its power and thus provides the state with more influence (Beblawi, 1987; Beck, 2013).

Creating a participatory approach is necessary to create a balance of power to enhance accountability and combat corruption. Yet civil society groups and the media in the region seem to struggle to assume their role as watchdogs and advocates for change. Creating an enabling environment and an unwavering political will is necessary for facilitating a transparent and accountable system driving toward a transformation of the existing social contract patronage in the Arab world.

Table 7.1 Arab states' scores on indices indicative of corruption and date of ratification of UNCAC

*Country**	*GCI score 2014*	*Access to Information*	*Social Progress Index 2014*	*CPI*	*Year Ratified UNCAC*
United Arab Emirates	5.33	78.60	72.92	69	2006
Qatar	5.24	–	–	68	2007
Bahrain	4.48	–	–	48	2010
Oman	4.46	–	–	47	2014
Saudi Arabia	5.06	57.82	64.38	46	2013

continued

Table 7.1 Continued

*Country**	*GCI score 2014*	*Access to Information*	*Social Progress Index 2014*	*CPI*	*Year Ratified UNCAC*
Jordan	4.25	59.36	61.92	45	2005
Kuwait	4.51	76.79	70.66	43	2013
Tunisia	3.96	–	–	41	2008
Morocco	4.21	63.71	58.01	37	2007
Algeria	4.08	–	–	36	2004
Djibouti	–	16.91	45.95	36	2005
Egypt	3.6	60.31	59.97	32	2005
Mauritania	3.0	53.88	43.11	30	–
Comoros	–	–	–	28	2012
Lebanon	3.68	64.42	60.05	28	–
Yemen	2.96	31.67	40.23	18	2005
Syria	–	–	–	17	Signed in 2003 and still not ratified
Iraq	–	42.32	44.84	16	2008
Libya	3.58	–	–	15	2005
Sudan	–	32.90	38.45	11	2014
Somalia	–	–	–	8	–

Source: UN (1999–2013); World Bank (1999–2013); TI (1999–2013); KOF Swiss Economic Institute (1999–2013).

Note
* Data on Palestine unavailable.

7.2 Positive steps taken toward combating corruption

Some positive steps have been taken toward combating corruption in the region, as most of the Arab countries have ratified the UNCAC, have instated anti-corruption bodies and applied some legislation to combat corruption. Some have even progressed in offering e-government services, although most are still at the informational stage (AKR, 2009). Yet the results of several studies show that the Arab states' rankings are well below the world average with a few limited exceptions (TI, 2013; Schwab, 2014; Social Progress Index, 2014). Combating corruption becomes more challenging since the right to access information in the region is quite limited, civil society is weakened, and media freedom is limited, thus curbing the citizens' voices in the region.

Although several Arab states already had set up various bodies to work on combating corruption, their effectiveness still continues to be a work in progress. With the domino wave of unrest in the Arab world during the past few years, several states have taken further steps toward increasing accountability and combating corruption.

7.3 Access to information and transparency for societal participation

The literature implies that access to information is the foundation of democratic governance and accountability, and is a basic citizen right (Almadhoun, 2012; Affiliated Network of Social Accountability in the Arab World (ANSA-AW), 2013; Integrity Research Consultancy, 2013; Mustonen, 2006; United Nations Office on Drugs and Crime (UNDOC), 2014; Universal Declaration on Human Rights, 1949; International Covenant on Civil and Political Rights, 1966; African Charter on Human and Peoples' Rights, 1981; and Arab Charter on Human and Peoples' Rights, 2004). An informed community is better able to engage in public debate to voice their concerns and hold their government accountable. Thus, access to information reflects on the citizens' ability to hold their governments accountable and ultimately on the legitimacy of these governments. Cultivating access to information, which fosters transparency, would drive toward a transformation of the existing social contract patronage in the Arab world. Figure 7.1 below shows a clear correlation between access to information, social progress (transparency, voice, and control of corruption) and the CPI.

The Arab Charter on Human Rights noted the importance of the right to access information in 2004. Furthermore, with the recent changes in the region, several states have taken steps toward ratifying access to information conventions and legislation. Today, following the unrest in the region, several Arab countries have taken considerable steps toward the right to access information

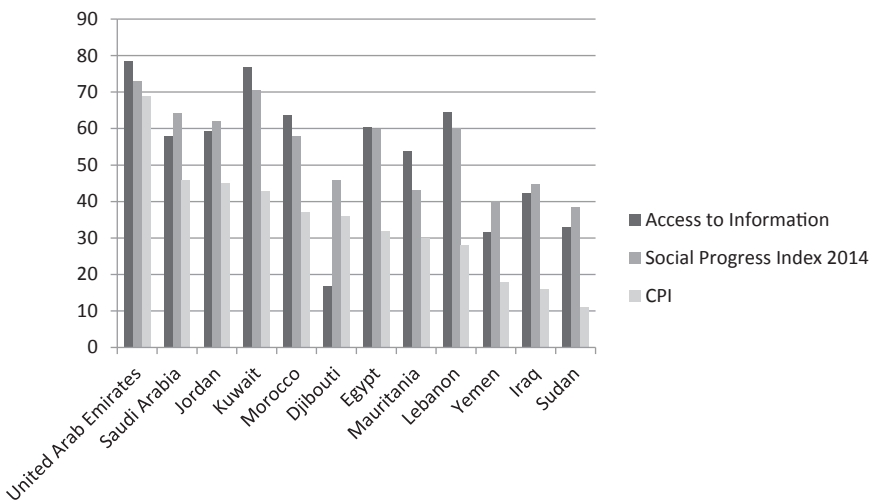

Figure 7.1 Correlation of the corruption perceptions index with the social progress index and access to information in the Arab world.

Source: Social Progress Index, 2014; TI, 2014.

by including it as a citizen right in their constitutions. Others are working on adopting facilitative legislation. Translating this into actionable steps and raising awareness may lead toward a transformation of the existing social contract patronage. With the power of information, citizens are better enabled to hold their governments accountable.

It was only in light of the turbulence in neighboring countries that Morocco made several changes to empower citizens, including incorporating Article 27 in its new constitution in July 2011, to become the first Arab state to include a provision on access to information in its constitution (FOIAnet, 2013). The article states:

> Citizens have the right to obtain information held by public administration elected agencies tasked with the administration of public utilities. Such right cannot be restricted except by law for the purpose of protecting national security, the State's internal and external security and private life for the prevention of infringing upon basic rights and freedoms provided for in the constitution and for the protection of the sources of information precisely set by the law.
>
> (Almadhoun, 2012, p. 19)

Egypt soon followed suit by including access to information in Article 68 of its newly passed 2014 constitution. Nevertheless, provisions pertaining to access to information continue to include unclear national security exemptions. In Jordan, although segments of civil society placed considerable pressure on the government to include access to information in Article 15 of the constitution, this demand was not met in the September 2011 amendments. The article was reworded to include only an obligation to secure freedom of opinion and freedom of the press within limits of the law, which is quite similar to Lebanon's Constitution Article 13 (Almadhoun, 2012; FOIAnet, 2013; Integrity Research Consultancy, 2013).

Tunisia, the leading country of the Arab Spring, has yet to passed its post-revolution constitution, which includes Article 32 on access to information, yet, Tunisians continue to perceive the changes as cosmetic believing that there remains a general absence of political will (Almadhoun, 2012; FOIAnet, 2013; Integrity Research Consultancy, 2013; and Tunisia's Constitution, 2014). While, in Libya, the interim National Transition Council (NTC) published a draft charter in August 2011 for the transition period. The draft charter is anticipated to cover the interim transition period until a new constitution is passed through a public referendum. Article 13 of the draft charter guarantees the following: "Freedom of opinion for individuals and groups, freedom of scientific research, freedom of communication, liberty of press, printing, publication and mass media" (Freedom House, 2012a). This is a positive start considering the history of restrictions suffered by the Libyan people. Nonetheless, it still falls short of best practice standards, as it does not explicitly outline freedom to access and impart information to all citizens without discrimination.

Identifying access to information rights in constitutional charters is a positive step; however, even more, important is ensuring institutional access through actionable steps. Legislating access to information is still ripe for development. Jordan was the first Arab country to pass an access to information law with law number 47 of 2007 (FOIAnet, 2013; Integrity Research Consultancy, 2013; UNESCO, 2013), a law that has deficiencies related to both its vagueness and the exemptions contained therein, which is a shared attribute across the region. In Morocco, for example, there have been various laws implemented that are notable for their limitations, vagueness, and exemptions. Press and publication laws, the Public Service and Administration Modernization law, the Electoral Lists law, the Public Procurement Decree, the Archives law, the Environment law and the Municipal Organization law all fall short in terms of setting up a proper mechanism for access, and were drafted in isolation of involvement by key civil society groups (Almadhoun, 2012; TI, 2013b).

Vagueness and exemptions are not the only limitations in the various laws that have been implemented; some are faced with restrictive penal articles that continue to counter accessibility. Jordan's Article 68 of its Civil Service Law of 2007, Provisional Law on the Protection of State Secrets and Documents No. 50 of 1971, Article 21 of the Anti-corruption Law of 2006, Article 9 of the Financial Disclosure Law of 2006, and Article 11 of the Cyber Crime Law of 2010, as well as Morocco's Penal Code of 1962 and Statute of Public Service of 1958, provide further limitations as they prohibit individuals and public officials from disclosing information without the authorization to do so (Almadhoun, 2012; Integrity Research Consultancy, 2013). Amendments are ongoing to the Access to Administrative Documents Held by Public Authorities Decree, which was introduced on May 26, 2011, stating that "any individual person or legal entity shall have the right of access to the administrative documents." The decree continues to be amended but it has not yet incorporated sanctions for violations among other drawbacks, which are often attributed to the fact that it was adopted without proper consultation with various stakeholders (Almadhoun, 2012).

In Egypt, no access to information law yet exists. In 2008, the United Group law group proposed a draft law, which was disregarded, and in 2012, Toby Mendel, president of the Center for Law and Democracy and a World Bank consultant, proposed another draft, which too was dismissed since the parliament was dissolved at that time. In March 2013, the minister of justice announced a final draft, which will only be passed once the new parliament is elected. However, a quick analysis seems to indicate that the new draft, although it identifies the demand and supply of information process and the founding of a National Information Council and information commissions, does not set a clear time frame for implementation, methods of appeal, exemptions, or who has access to the information in question (TI, 2013a).

Yemen ratified its access to information bill in July 2012, which the U.S.-Middle East Partnership Intiative (MEPI) and other international partners had helped facilitate in the drafting process (FOIAnet, 2013; US-MEPI, 2013). The

bill holds some controversy as it has been described as "one of the most comprehensive access to information laws in the world" and since it contains a number of deficiencies (US-MEPI, 2013; TI, 2013c). The shortcomings listed include the failure to mention an appeal process as well as harm and public interest tests. Iraq, on the other hand, is finalizing its draft in cooperation with key civil society organizations (FOIAnet, 2013). Bahrain continues to work with the loosely worded Press Law of 2002, providing free access to information "without prejudice to the requirements of national security and defending the homeland" (Freedom House, 2012b), while countries like Lebanon and Mauritania still have no access to information law (Freedom House, 2013; Wickberg, 2012).

Legislative limitations are further enhanced with implementation procedures and a lack of public awareness on both the demand and supply end. In Jordan, according to a study by the Al-Urdun Al-Jadid Research Center in 2010, only approximately 50 percent of the ministries and 60 percent of the journalists were aware of the existence of the access to information law. In another study in 2010 by the Arab Reporters for Investigative Journalism, only 5 percent of journalists made use of it. This finding is contrary to the case of Morocco, where journalists are aware of their legal right to access information but fear the consequences of utilizing a confrontational approach (Almadhoun, 2012).

The institutional capacity to implement access varies across the region, which may reflect serious problems in implementation and in the forecasting of implications. In Tunisia, every ministry has a citizen liaison office responsible for disseminating information and receiving complaints. Additionally, the National Center for Documentation is responsible for providing information on economic, social, cultural, and political affairs to the general public (Almadhoun, 2012). In both Egypt and Yemen, although both included access to information in their new charters, they are lagging on all implementation plans from enabling legislation, publishing budgets to creating a public body for disclosing information, outlining access procedures and appeal systems, raising awareness and capacity building of public personnel (IBP, 2012; TI, 2013a, 2013c). The results of the 2012 Open Budget Index (OBI) are quite dismal as only a few Arab states actually publish significant budget information, while fewer still provide the means for enabling public participation (IBP, 2012). The 2012 OBI lists seven Arab countries as providing scant or no information, including Egypt, Algeria, Tunisia, Yemen, Iraq, Saudi Arabia and Qatar, with Morocco and Lebanon in a slightly better position since they are listed as providing minimal information showing how the political environment can affect access (IBP, 2012). This showed improvement in the 2017 OBI report, as one Arab country, Jordan, was listed as one that provides substantial information; and two more countries, namely Egypt and Morocco, were listed as providing limited information; and Tunisa as minimal; the remaining Arab countries, on the index, showed scant or no information budget transparency (IBP, 2017).

A comparison of the general state prior to and after the Arab Spring shows that access to information continues to be the most pressing element for civil society organizations in the region. In 2006, the final statement of the Second

Civil Forum Parallel to the Arab Summit in Rabat included the following in its recommendations: A call for the free flow of information and freedoms of expression, and that "the main obstacle precluding reform in the Arab world is the fact that most of the Arab governments lack the political will necessary to embark on these reforms" (Rishmawi & Morris, 2007, p. 25). Regrettably, even after the Arab Spring, the same demands continue. As noted in a study from November 2012 to May 2013 in seven Arab countries – Egypt, Jordan, Lebanon, Morocco, Palestine, Tunisia, and Yemen – which explored citizens' capacity to hold their governments accountable, access to information remained the principal pillar (ANSA-AW, 2013).

7.4 Citizen voice and societal participation through civil society and media

In a democracy, civil society and the media work to hold government accountable through their watchdog role, particularly in the period between elections. A strong civil society mobilizes citizens and is able to demand government responsiveness and accountability. On the other hand, a weak or stifled civil society would hamper reform and result in a weak citizen voice and lower government responsiveness. The media also plays an important role when it is strong and is allowed freedom of the press. In general, civil society and the media in the Arab region face several challenges that limit their role as watchdogs and weaken the social dialogue.

The Arab Spring was a bright sign for the empowerment of civil society in the region. A comparative outlook with other countries in transition provides cause for optimism. In Poland, for example, volunteerism is widespread, and, since 1989, there has been an annual proliferation of NGO and foundation activity. In the case of South Africa, civil society countered the apartheid movement and bolstered accountability since 1994 (Lawson-Remer, 2013).

In order to assume their role as partners in development, civil society organizations rely on institutionalizing access to information and a broad enabling environment. Yet they have to play a leading role in creating this enabling environment by serving as advocates for access to information. However, the history of the evolution of civil society in the region reveals several impediments that prevent it from flourishing. Civil society organizations in the region fall within the broad categories of philanthropy, but only a few focus on issues related to the public interest, such as human rights, good governance, democratization and transparency (Behr & Siitonen, 2013; Rishmawi & Morris, 2007).

An overview of civil society organizations in the region shows common challenges, including restrictions on the scope of their activities, funding and access issues, and defamation campaigns, which in turn limit their impact and effectiveness. In several Arab states, the law prohibits civil society organizations from engaging in political activities. Additionally, almost all organizations are registered with the government and receive government funding. In Palestine, although there are approximately 4,000 organizations, only about two focus on

anti-corruption, namely the AMAN Coalition for Integrity and Accountability and Global Integrity, both of which suffer constraints related to lack of access to information (Chene, 2012; Global Integrity, 2004). Furthermore, countries such as Oman and Kuwait have no more than approximately 50 associations, which focus mainly on gender issues; however, there is one project on access to information, and the Kuwait Economic Society focuses on improving anti-corruption and transparency methods in Kuwait (Business Anti-Corruption Portal, 2014; FOIAnet, 2013; Rishmawi & Morris, 2007). Iraq, on the other hand, has approximately 26 civil society organizations associated with the Commission of Integrity aiming at assessing corruption and the extent to which institutions abide with the UNCAC, yet its legislation prohibits the publication of defamation reports by the media (Business Anti-Corruption Portal, 2014). Lebanon continues to follow one of the oldest laws of association in the region, while Saudi Arabia and Mauritania are organized on a kinship basis with both a civil society and media presence but none are formally active on corruption issues. Finally, civil society in Morocco seems to enjoy a relatively higher degree of freedom as the number of organizations continues to grow (Business Anti-Corruption Portal, 2014; BTI, 2014; FOIAnet, 2013; Wickberg, 2012).

In countries of the Arab Spring, such as Libya and Yemen, civil society work is growing, albeit with a tendency toward tribalism. Meanwhile, civil society in Egypt and Tunisia had an active role in bringing about change in the past period, although currently they are facing restrictive regulations and defamation campaigns. The majority of the more than 30,000 civil society organizations in Egypt works in philanthropic fields or is a mix of associations, such as professional syndicates and trade unions (Behr & Siitonen, 2013). These traditional organizations mainly depend on membership fees, charities, and some government funding, typically regarded as a reward for compliance to government-controlled NGOs, or the so-called GNGOs (Behr & Siitonen, 2013). Few civil society organizations adopt the role of watchdog, and they usually face several forms of repression and difficulties in acquiring funding. In recent years, there has been a general mistrust in civil society organizations, and the new NGO law 70/2017 has further restricted their work. Furthermore, the strict supervision and control of the media to filter information and hold a close grip on public opinion (Khamis & Vaughn, 2011) threatens citizen voice and engagement and, as a corollary, anti-corruption measures.

In Tunisia, prior to the revolution, civil society activism was relatively limited and strictly regulated by the state. It was illegal for civil society organizations to engage in political activity, and they were required to register with the Ministry of Interior; this is not unlike the situation in several Arab states. Nevertheless, more than 2,700 new organizations have been established since 2010 (Behr & Siitonen, 2013; Rishmawi & Morris, 2007). Currently, a national coalition of lawyers, media practitioners, bloggers, and civil society organizations are assuming watchdog roles by fostering public awareness of the right of access to information and advocating for the implementation of the decree law (Almadhoun, 2012).

7.5 Conclusion

The Arab states generally are characterized by political and socio-economic factors that tend to manifest corruption. The paternalistic nature of these states fosters an imbalance in the accountability cycle, whereby the states' power is further enhanced, and the citizens' power is severely diminished as they become dependent on the state for distribution and allocation of resources. A participatory approach is necessary to create a balance of power to enhance accountability and combat corruption. Yet civil society and the media tend to be weak and are unable to assume their watchdog role. Although in recent years several Arab states have taken steps toward combating corruption, in part by implementing access to information guarantees either through various articles in their constitutions or other legislative enactments, the success of these reforms remains limited by virtue of the vague wording of such provisions and the numerous exemptions that exist. However, states are responding positively to the more recent claims by citizens to protect their rights. Continued public awareness, both through a proactive media and a robust set of civil society institutions continuing to advocate reform, is necessary for fostering a culture of accountability and responsiveness in the region.

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Part II

C Australasia

8 Corruption in Australia and New Zealand

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8.1 Introduction

This chapter explores four aspects of the anti-corruption measures that exist in Australia and New Zealand – two countries highly ranked on the Transparency International (TI) corruption perceptions index (CPI) (thirteenth and second, respectively in 2018), but both are experiencing corruption nonetheless. The four aspects move from black letter law to extraordinary responses, into the agencies responsible for corruption investigation and prevention, then on to the preventive structures inherent in codes of conduct, and finally how these countries fit into the international legal norms. The chapter first sets out the main anti-corruption laws that apply in the two jurisdictions; it then examines the power to establish royal commissions to investigate corruption. In recent years, Australia has experienced a number of royal commissions, including the Royal Commission into Trade Union Governance and Corruption (Heydon, 2015), Royal Commission into Institutional Response to Child Sex Abuse (McClellan et al., 2017), and the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Hayne, 2019). Two additional royal commissions have received their letters patent – Royal Commission on Aged Care Quality and Safety and the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with a Disability – but neither has yet produced an interim or final report. Such commissions used to be rare, as most jurisdictions in Australia and New Zealand have dedicated anti-corruption agencies. The current spate of royal commissions has uncovered much malfeasance and wrongdoing, but most can hardly be termed corruption in the broadest meanings of the term. Even the narrower legal definitions – discussed below, do not frame the wrongdoing that has been exposed.

A study of anti-corruption agencies forms the second section of the chapter. Some illustrative case examples of corruption investigations have been included to give a snapshot of the types of corruption experienced in these countries. The third section briefly looks at public sector codes of conduct and ethical rules as anti-corruption measures. The final section of the chapter considers Australia and New Zealand's legislative response to international obligations concerning the investigation and regulation of foreign bribery under the OECD

Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997) and the United Nations Convention Against Corruption (2005). The chapter explores the themes already established in this part of the volume, namely legislative and administrative reform designed to reduce levels of corruption, the introduction, and development of ethical standards of conduct, and the use of fines and criminal penalties to regulate foreign bribery. Thus, the chapter is primarily an exploration of the structural responses to corruption as opposed to a series of behavioral descriptions of corruption within the jurisdictions – although we do use cases to illustrate the nature of corruption and as reform triggers. Finally, the chapter highlights lessons that can be learned from these two similar, yet different jurisdictions. First of all, despite the similarities between the two nations, there are differences driven by contextual factors – thus application of a "New Zealand Model" or an "Australian Model" provides no guarantee of success in combatting corruption. Second, while royal commissions – or similar special inquiries – can uncover corruption, permanent anti-corruption agencies have greater impact. In essence, we demonstrate that like corruption, anti-corruption is equally context specific.

8.2 Legislative framework

Australia and New Zealand are common law countries that inherited their legal systems from the United Kingdom. Like Canada, the levels of corruption in Australia and New Zealand are relatively low (Dwivedi & Mancuso, 2001; Larmour & Grabosky, 2001). Australia is made up of federal, state, and territory legal systems. The federal laws prohibiting the bribery of domestic public officials are contained in sections 141 and 142 of the *Criminal Code Act, 1995*. These sections make it an offence for a person or body corporate to give or offer a bribe or 'corrupting benefit' with the intention of influencing a Commonwealth public official in the exercise of his or her duties. Similarly, a Commonwealth public official is guilty of an offence if he or she dishonestly asks for, receives or obtains a bribe or corrupting benefit for himself or herself or for another person if the official does so with the intention that the exercise of his or her official duties could be influenced (sections 141.1[3] and 142.1[3]). A Commonwealth public official is prohibited from using his or her office, or any information gained by virtue of his or her office, with the intention of dishonestly obtaining a benefit or causing a detriment to another person (section 142.2). The Criminal Code defines Commonwealth public official broadly and includes members of parliament, the judiciary, public service employees, members of the Australian Federal Police and the defence force. Separate criminal legislation prohibits bribery of domestic public officials employed by an Australian state or territory.

New Zealand prohibits bribery of domestic public officials in the *Crimes Act 1961*. The relevant parts of this act are sections 99 to 106, which create separate offences for bribery and corruption of judicial officers, ministers of the Crown, members of parliament and law enforcement officers. Under section 105, the

general offences of accepting or receiving a bribe as a public official, and offering or attempting to offer a bribe to a public official are created. The term "official" is defined to include any person in the service of the New Zealand government, any member or employee of any local authority or public body, or any person employed in the education service.

8.2.1 Royal commissions and other formal public inquiries

The New Zealand government, along with Australian federal, state, and territory governments, has the legislative power to appoint royal commissions or similar commissions of inquiry[1] to investigate corruption. These commissions have broad powers including the power to compel witnesses to give evidence and provide documents, even where such evidence may be self-incriminatory. Royal commissions and commissions of inquiry are created by parliament for a fixed term, although such a term may be extended (e.g., the Costigan royal commission, which investigated between 1980 and 1984). Table 8.1 below gives an overview of the laws governing royal commissions and a sampling of those established to inquire into corrupt activities in Australia and New Zealand. Significantly, a number of royal commissions have led to the establishment of permanent anti-corruption agencies with similar powers.

Table 8.1 Royal commissions as an anti-corruption tool

Jurisdiction	*Current Acts*	*Examples of Royal Commissions into corruption (Commissioner)*
New Zealand	*Commissions of Inquiry Act 1908 (NZ)*	2004 Commission of Inquiry into Police Conduct (Robertson & Bazley)
Commonwealth of Australia	*Royal Commissions Act 1902 (CTH)*	1916 Royal Commission to Inquire into and Report upon Certain Charges Against the Administrator and Other Officers of the Northern Territory Administration (Barnett) 1976 Royal Commission into Alleged Payments to Maritime Unions (Sweeney) 1980–84 Royal Commission on the Activities of the Federated Ship Painters and Dockers Union (Costigan)
New South Wales	*Royal Commissions Act 1923 (NSW)*	1973–74 Royal Commission on Allegations of Organized Crime in Clubs (Moffitt) 1977–80 Royal Commission into Drug Trafficking (Woodward) 1983 Royal Commission of Inquiry into Certain Committal Proceedings Against Kevin E. Humphries (Street)

continued

Table 8.1 continued

Jurisdiction	*Current Acts*	*Examples of Royal Commissions into corruption (Commissioner)*
Queensland	*Commissions of Inquiry Act 1950 (Qld)*	1963–64 Royal Commission into Certain Matters Relating to Members of the Police Force and the National Hotel, Petrie Bight, Brisbane (Gibbs) 1987–89 Commission of Inquiry into Possible Illegal Activities and Associated Police Misconduct (Fitzgerald)
South Australia	*Royal Commissions Act 1917 (SA)*	1978 Royal Commission into Dismissal of Commissioner of Police Harold Hubert Salisbury (Mitchell) 1991 Royal Commission into the State Bank of South Australia and the State Bank Group of Companies (Jacobs)
Tasmania	*Commissions of Inquiry Act 1995(Tas)*	1990 Royal Commission into the Edmund Rouse Bribery Affair (Carter)
Victoria	*Constitution Act 1975 (Vic)* *Evidence (Miscellaneous Provisions) Act 1958 (Vic)*	1990–92 Royal Commission into the Tricontinental Group of Companies (Woodward) 2001 Metropolitan Ambulance Service Royal Commission (Lasry)
Western Australia	*Royal Commissions Act 1968 (WA)*	1991 Royal Commission into Commercial Activities of Government and Other Matters (Kennedy) 2002–04 Royal Commission into Whether there has been any Corrupt or Criminal Conduct by Western Australian Police Officers (Kennedy)
Australian Capital Territory	*Royal Commissions Act 1991 (ACT)* *Inquiries Act 1991 (ACT)*	No corruption inquiries held under these acts
Northern Territory	*Inquiries Act 1945*	No corruption inquiries held under this act.

Source: (Prasser, 2006).

According to Prasser (2006), public inquiries perform two broad functions. The first is the inquisitorial, which often allocates responsibility or blame. Prasser (2006, p. 23) noted that while appointing a royal commission or commission of inquiry may be politically expedient, there is also an inherent political danger in that they attract high levels of media attention and the compelled evidence may end up as an embarrassment to the appointing government. The second function public inquiries serve is as policy advisory inquiries. This function is now rare, although royal commissioners often take it upon themselves to provide policy advice as part of their final reports (for example, see Cole, 2003).

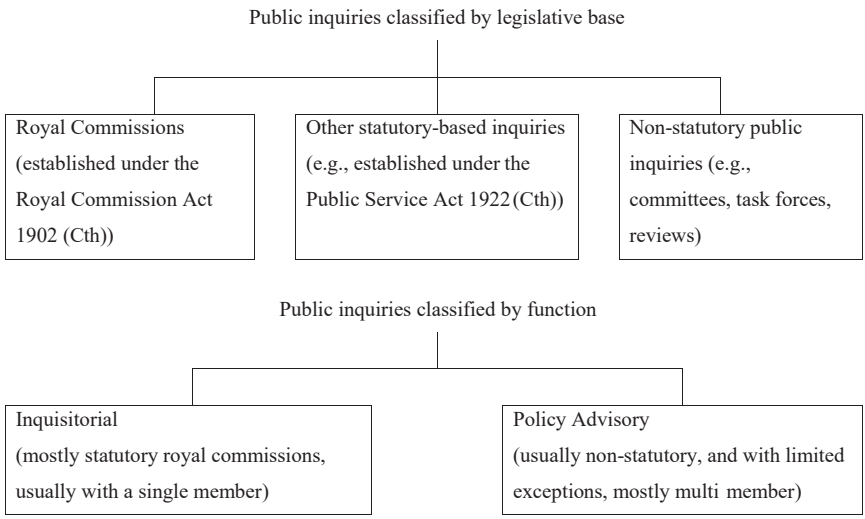

Figure 8.1 Classification of public inquiries.

Despite the strong powers of inquiry vested in royal commissions, until recently their utility, as an anti-corruption tool, was often less than effective. For example, in 1963 the Queensland government established the Royal Commission into Certain Matters Relating to Members of the Police Force and the National Hotel, Petrie Bight, Brisbane headed by the future Chief Justice of the High Court of Australia (1981–1987), Sir Harry Talbott Gibbs. This royal commission concluded:

> … there is no acceptable evidence that any member of the Police Force was guilty of misconduct, or neglect or violation of duty in relation to the policing of the hotel, the conduct of the business or the operations or the use of the hotel, or the enforcement of the law in respect to any breaches alleged or reported to have been committed in relation thereto.
>
> (Gibbs cited in Fitzgerald, 1989, p. 33)

However, a subsequent inquiry (Fitzgerald, 1989) found that the police at the time had manipulated legal processes to their advantage. It suggested that police, particularly detectives, often lied under oath to avoid criminal prosecution, with cases then hinging on the truthfulness of witnesses. This became problematic when tackling police corruption as, not only were corrupt police in a position to take advantage of the protections of the common law, but they were also well versed in the suite of investigative methods that could be deployed against them. Our analysis of the anti-corruption royal commissions and commissions of inquiry listed by Prasser (2006: Appendices 2 and 10) and Marshall (1990) that

occurred before 1980 show that such inquiries were as likely to find corruption ($n = 20$) as not ($n = 17$). Post-1980, the ratio of public inquiries finding corruption increased significantly, with 29 finding corruption and 18 not.

Formal public inquiries are, therefore, not always a complete solution. As Rowe (2009) notes, there are other shortcomings in commissions of inquiry. The New Zealand Commission of Inquiry into Police Conduct (Bazley, 2007) that investigated a series of sex scandals and corruption allegations faced methodological and conceptual shortcomings. These included a restriction in the Commission's power to investigate primary allegations due to a concurrent criminal investigation; the suspension of the investigation while criminal proceedings were underway; insufficient resources and limitations on the terms of reference that prevented a full review of available material. In this case, populist politics at first drove the inquiry, but such politics later undermined the opportunity for real reform.

In Australia, the Royal Commission into the Federated Ship Painters and Dockers Union (Costigan, 1984) highlighted the importance of modern investigative techniques for fighting corruption and organized crime. So important are these methods to the successful investigation of corruption and organized crime that Costigan dedicated the second of six publicly released volumes of his final report to setting out its investigatory techniques (Costigan, 1984). The *Royal Commissions Act 1902* (Cth) enabled Costigan to summon witnesses, fine or jail those who are recalcitrant or uncooperative and demand the production of documents, which, in combination, could be used to trace unexplained wealth as an indicator of criminal activity. Importantly, Costigan also highlighted the Commission's lack of power to employ physical or electronic (i.e., telephone intercepts, listening and tracking devices) surveillance or to use undercover agents and entrapment techniques (Costigan, 1984, pp. 16–17). These have all become staple methods for the anti-corruption agencies that followed.

Following the Costigan Royal Commission, the Commonwealth and States established the National Crime Authority (NCA). The NCA later merged with the Australian Bureau of Criminal Intelligence to form the Australian Crime Commission (ACC). Both agencies were given the power to compel evidence from witnesses. New South Wales established an Independent Commission Against Corruption (ICAC) in 1989, after a series of royal commissions – on organized crime (Moffitt, 1974), prisons (Nagle, 1978), drug trafficking (Woodward 1979), police (Lusher, 1981) – found corruption in many of the state's institutions. A later Royal Commission into the New South Wales Police Service (Wood, 1997) and inquiries by the ICAC itself led to the establishment of the NSW Police Integrity Commission (PIC), thus removing a significant section of the ICAC's duties. However, this did not lead to a diminution of the ICAC's role in fighting corruption.

In the wake of the revelations of the Fitzgerald Inquiry (Fitzgerald, 1989), Queensland created the Criminal Justice Commission (CJC). In 1997, the CJC became two organizations when the crime function was moved to the new Queensland Crime Commission (QCC). The functions were re-merged in 2001

to form the Queensland Crime and Corruption Commission (CCC). In 1996, Western Australia established an Anti-Corruption Commission, which became the Corruption and Crime Commission (WACCC) in 2004, after the Kennedy Royal Commission (Kennedy, 2004) found corruption at the highest levels of government in that state.

In Victoria, revelations of police corruption led to the formation of the Office of Police Integrity (OPI) in 2004. In 2010, the independence and integrity of this agency came under attack from the powerful Victorian police union, particularly after inquiries involving senior office bearers of the union (Graycar, 2013; 2014). As part of the Victorian[2] government's election agenda of 2010, the OPI was replaced with the Independent Broad-based Commission Against Corruption (IBAC), which became fully functional in 2013. In contrast, the anti-corruption agencies in South Australia and Tasmania were not the result of royal commissions, scandal, or crisis. Instead, their structure reflects some of the lessons learned from other states.

8.4 Anti-corruption agencies

As the above discussion illustrates, a number of anti-corruption agencies have been established in Australia, accompanied by legislative and policy changes to address corruption. New Zealand, however, has no dedicated anti-corruption body, instead relying on the Serious Fraud Office (SFO) to conduct corruption inquiries in addition to its core function. The corruption role for the SFO followed the first conviction in New Zealand of a serving member of parliament for corruption. Table 8.2 below gives a snapshot of the work of the SFO.

Whilst Australia and New Zealand differ in their approach to tackling corruption, cases do arise that involve both nations, as the following example illustrates.

8.4.1 *Case study: trans-Tasman corruption*

In its first report to parliament, the Tasmanian Integrity Commission (discussed below) detailed a case involving multiple conflicts of interest, nepotism, cronyism

Table 8.2 New Zealand serious fraud office – complaints/ investigations/corruption ratio

Year	*Number of Complaints*	*Investigations Commenced*	*Corruption related*
2010/2011	440	34	2
2011/2012	465	40	3
2012/2013	435	30	5
2013/2014	595	30	2

Source: UN (1999–2013); World Bank (1999–2013); TI (1999–2013); KOF Swiss Economic Institute (1999–2013).

and self-dealing between a group of health service executives over a five-year period. The CEO of the Northwest Area Health Service (NWAHS) in Tasmania, who had previously worked for the Northland District Health Board in New Zealand, appointed a former colleague as finance director. The appointment was made with no reference reports, no statement against the selection criteria, no interview notes, and no comparative report assessing all applicants. The pair went on to cross-hire relatives, former business associates, and friends from New Zealand into a variety of positions within Tasmania's health services, sometimes to the exclusion of better-qualified candidates. They also manipulated procurement processes to benefit their associates (Integrity Commission, 2014). Figure 8.2 below illustrates the network uncovered by the Tasmanian Integrity Commission. This network benefitted by $542,229, a figure that does not include salaries, which were often paid at the top increment without good reason.

This instance of transnational corrupt behavior reflects the syndrome of corruption often found in mature market democracies (Johnston, 2005; 2013). No bribes were paid, although many of the actors benefitted from unfair advantages and inflated salaries associated with their employment. The case also spans both Australia and New Zealand, illustrating how even low-risk/low-corruption

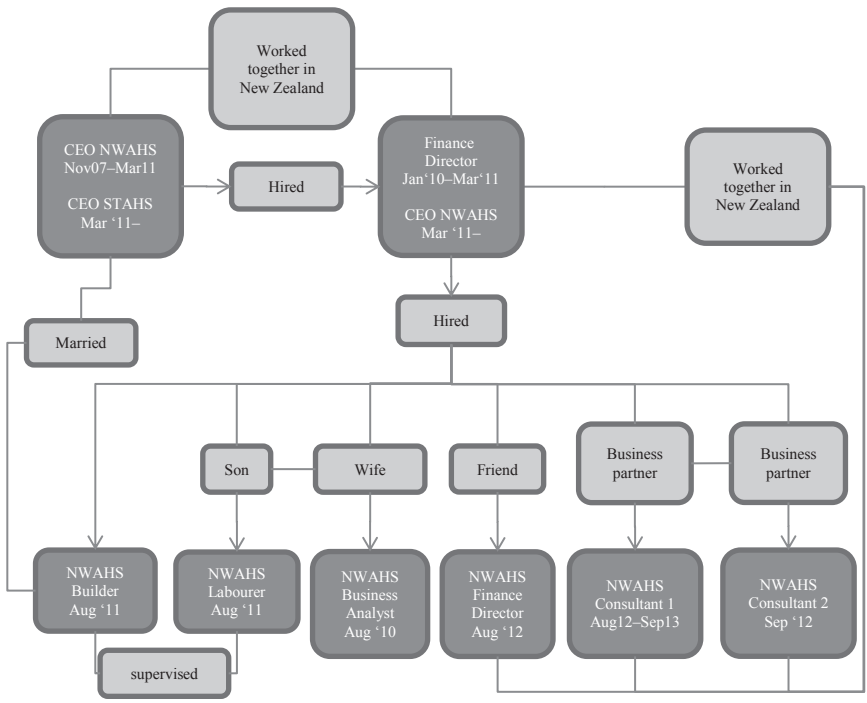

Figure 8.2 Corrupt network in Tasmanian health services.

Source: Authors created.

jurisdictions remain vulnerable to the unscrupulous behavior of those wishing to take advantage of the public trust.

8.4.2 New Australian anti-corruption agencies

Later in this section, we discuss two of the newer anti-corruption agencies (ACAs) in the states of Tasmania and South Australia. While there are many lessons to learn from their older counterparts, these are well covered elsewhere in the literature (Cripps, 2008; Prenzler, 2009; Prenzler & Lewis, 2005; Smith, 2008). In broad terms, Australian ACAs perform two functions: first, to investigate, expose and report on corrupt behavior; and second, to perform a prevention and education role for the public sector and community. The common features of the Australian anti-corruption agencies listed in Table 8.3 below include the power to enter and search premises, to seize evidence and to conduct physical and electronic surveillance. Most agencies have the power to conduct public hearings; however, the Victorian, Queensland and Western Australian commissions generally hold hearings in private. The *Integrity Commission Act 2009* (Tas) does not expressly provide for public hearings, but section 69 empowers an Integrity Tribunal to conduct inquiries in any manner it considers appropriate. Furthermore, the default position of the South Australian Independent Commission Against Corruption (SA ICAC) is to hold private hearings, and a court order is required for them to be made public (ICAC Act [SA] s.55). The reasons for this position in South Australia are discussed further below.

The second function of the ACAs – to educate the public sector and broader community – sometimes incorporates a research element to ensure high-quality and forward-thinking approaches to anti-corruption. The output of these research arms is often useful well beyond the Australian context (for examples, see the work of Gorta, 1998, 2000, 2006; Gorta & Forell, 1995, from the NSW PIC). One ACA publication worth mentioning is the Victorian OPI report into the history of police corruption within the state (OPI, 2007). To this academic-styled research can be added the many investigative reports, which in some instances prove to be highly readable and in one case at least went on to become the basis of a docudrama.[3] The output of this secondary anti-corruption function is important as it provides insights and resources on corruption investigations and responses in Australia.

Other variances in the form and function of the Australian ACAs are important. In Western Australia and Queensland, organized or serious criminal investigations are part of the anti-corruption agencies' remit. This splits the organizational focus across both corrupt and criminal conduct, the two of which are not necessarily one and the same. In direct contrast, the federal Australian Commission for Law Enforcement Integrity (ACLEI) has a more limited scope. The ACLEI only has an anti-corruption role in respect of the particular federal agencies including the Australian Crime Commission (ACC), Australian Federal Police (AFP), Australian Customs and Border Protection Service

Table 8.3 Overview of anti-corruption agencies

Anti-corruption agency	*SFO*[1]	*ACLEI*[2]	*ICAC*[3]	*LECC*[4]	*CMC*[5]	*ICAC*[6]	*IC*[7]	*IBAC*[8]	*CCC*[9]
Jurisdiction	NZ	C'wlth	NSW		Qld	SA	Tas	Vic	WA
Public Service	yes	limited	yes	limited	yes	yes	yes	yes	yes
Police	no	yes	limited	yes	yes	yes	yes	yes	yes
Private Sector[10]	yes	no	yes	no	no	yes[6]	no	limited	no
Legislature	no	no	yes	no	yes	yes	yes	yes	yes
Judiciary	no	no	yes	no	yes	yes	no	yes	yes
Functions									
Investigate/Expose	no[1]	yes	yes	yes	yes	yes	yes	yes	yes
Prevent/Educate	no[1]	yes	yes	yes	yes	yes	yes	yes	yes
Powers									
Entry/Search/Seize	yes	yes	yes	yes	yes	yes	yes	yes	yes
Obtain documents	yes	yes	yes	yes	yes	yes	yes	yes	yes
Compel witnesses	yes	yes	yes	yes	yes	yes	yes	yes	yes
Hearings (Public)	no	yes	yes	yes	yes[11]	limited[6]	limited[7]	yes[11]	yes[11]
(Secret/closed)	no	yes	yes	yes	yes	yes	yes	yes	yes
Controlled operations	no	yes	yes	yes	yes	yes	no	yes	yes
Integrity testing	no	yes	no	yes[4]	no	no	no	no	yes

continued

Table 8.3 continued

Confiscation of profits	yes	yes	yes	yes	yes	no	no	yes	yes
Whistleblower protection	yes	yes	yes	yes	yes	yes	yes	yes	yes
Audio/visual/data/phone surveillance	yes[1]	yes	yes	yes	yes	yes	yes	yes	yes

Notes

1. *Serious Fraud Office Act 1990* (NZ). The SFO investigates corruption at the direction of government and its own discretion, not via an anti-corruption legislative mandate. This also applies for its prevention/education function (TI NZ, 2013, p. 191). Police are seconded to the SFO. Constables can apply for surveillance under the *Search and Surveillance Act 2012* (NZ).
2. *Law Enforcement Integrity Commission Act 2006* (Cth) ACLEI oversights the ACIC, AFP, ACBPS, the former NCA, AUSTRAC, CrimTrac and certain bio-security functions of DAFF only.
3. *Independent Commission Against Corruption Act 1988* (NSW).
4. *Law Enforcement Conduct Commission Act 2017* (NSW). The NSW Police integrity tests officers under s.207A of the *Police Act 1990* (NSW), results are reported quarterly to the LECC.
5. *Crime and Corruption Act 2001* (Qld).
6. *Independent Commission Against Corruption Act 2012* (SA). The definition of corruption in the SA ICAC Act includes offences related to bribery (by another person) (s.5(1)(a)(i)) and threatening or intimidating a public official in the performance of his or her duty (s.5(1)(a)(ii)). A court order is required to make hearings public (s.55).
7. *Integrity Commission Act 2009* (Tas). The IC Act does not expressly provide for the Integrity Tribunal to hold public hearings, but under s.69 the Integrity Tribunal may conduct an inquiry in any manner it considers appropriate and may determine its procedure in conducting an inquiry.
8. *Independent Broad-based Anti-Corruption Commission Act 2011* (Vic).
9. *Corruption and Crime Commission Act 2003* (WA).
10. Other than former public officials.
11. IBAC, CMC & CCC can hold public hearings, but generally they are held in private.

(ACBPS), the Australian Cash Transaction Reporting and Analysis Centre (AUSTRAC), CrimTrac, certain biosecurity functions of the Department of Agriculture, Forestry and Fisheries and the former National Crime Authority (NCA) (ACLEI, 2012). In effect, therefore, there is no anti-corruption agency tasked with oversight of federal parliamentarians or the federal judiciary.

Some of the federal agencies that are not within the jurisdiction of the ACLEI present a high risk of corruption, particularly those involved with welfare services and revenue collection (For a list of 15 high-risk areas for corruption of government services, see Gorta, 2006). This is important, as historically, there have been some cases of corruption in non-law enforcement areas of the federal government. Between 2008 and 2011, there were over 2,000 cases of corruption in Australian federal agencies (Besser, D'Souza, & Christodoilou, 2014). In 2006, an officer of the Australian Taxation Office was convicted for abusing his position to create tax accounts for nonexistent companies and then arranged for massive tax refunds for his associates (Lamont, 2011). Going further back, one of the first major investigations for the AFP in the 1980s involved doctors corruptly using their professional authority to defraud Australia's Medicare public health scheme (Larmour & Grabosky, 2001). These and other cases have led to criticism by the media (Besser et al., 2014), civil society (Matchett, 2014) and academia (Monaghan, 2014; Prenzler & Faulkner, 2010) of ACLEI's limited scope and there are regular calls for a national-level anti-corruption agency with oversight of all areas of federal activity including the parliament and judiciary.

8.4.3 Tasmanian Integrity Commission

The Integrity Commission (IC) in Tasmania was created in 2009 to focus on misconduct by public authorities and designated public officers. Public authorities excludes the Tasmanian judiciary but includes members of parliament, members of council, principal officers of public authorities, holders of statutory offices, commissioned police officers, holders of senior executive office and other persons as prescribed (IC Act, s.6[1]). This leaves lower level corruption to be dealt with at the agency level. The *Integrity Commission Act* does not define corruption; rather it gives a definition of misconduct, which covers the actions of public officials, but does not cover actions by private individuals (i.e., the briber). These offences are already the subject of criminal law (e.g., *Criminal Code Act 1924* [Tas] s.72, s.91). The IC structure can be summed up as focussed on serious misconduct, which does not interfere with concepts of judicial independence.

An interesting feature of the Tasmanian model is the greater emphasis placed on prevention. The functions of the IC begin with developing codes of conduct, education of public officials, and the provision of guidance and advice (*Integrity Commission Act 2009* (Tas) s.8(a-e)). The WA and Queensland legislation share this emphasis on prevention, while the NSW, SA, and Victorian legislation give preference to the investigation of misconduct, maladministration, or

corrupt behavior. This preference for prevention and the relatively new nature of the IC does not, however, impede its ability to uncover complex corrupt conduct, as illustrated in the case study of trans-Tasman corruption above.

8.4.4 South Australian Independent Commissioner Against Corruption

The SA ICAC had an unusual beginning, and its creation was much resisted by the legislature. Even after the *Independent Commissioner Against Corruption Act 2013* (SA) was passed, the premier of the state is on record as declaring he did not believe corruption existed in South Australia (Cook, 2013). However, he also noted ICACs in WA, Queensland, Victoria, and NSW were triggered by crises, while SA's version "cements our reputation as a clean state that makes decisions for the right reasons" (Crouch, 2013, p. 21).

In its first few months of operation, the SA ICAC exposed serious corruption within the police service (SA ICAC, 2014b) and conducted 90 inquiries into corruption from the more than 2000 matters referred to it (SA ICAC, 2014a). The high level of secrecy created under the SA ICAC enabling legislation makes assessing its effectiveness difficult. The first annual report of the SA ICAC only provides statistical data and broad descriptions of its activities (SA ICAC, 2014a). The reason for the relatively vague reporting is found in s.3(1)(c) of the South Australian legislation, which describes one of the primary purposes of the act is to achieve an appropriate balance between the public interest in exposing corruption, misconduct, and maladministration in public administration and the public interest in avoiding undue prejudice to a person's reputation.

The reason the South Australian parliament took this approach was partly because its NSW counterpart was viewed as a media "circus" or reality show by South Australian legislators (Rice, 2014). Furthermore, it was considered that being publicly called to give evidence to an anti-corruption commission could mean the end of a political career or reputations otherwise ruined, even if no finding of corrupt conduct was made. However, the caution on the part of South Australian legislators may have been overstated (see ICAC, 2013a, 2013b, 2013c, 2013d, 2014). In any event, South Australia considered the collateral damage to careers and reputations sufficient to waive the need for a transparent approach to investigating and exposing corruption. Overall, the lesson from the South Australian experience is that even in seemingly corruption-free environments, misconduct, maladministration and corruption can come to light when there is a mechanism to investigate or expose it.

8.4.5 Examples of public sector bribery in New Zealand

The most publicized investigation of corruption in New Zealand concerned investigation into the conduct of the former MP and associate minister Taito Phillip Field for bribery, corruption, and perverting the course of justice. This

investigation started after allegations were made that the MP had traded immigration favors in return for work on his properties. A number of hearings followed, including an initial hearing required for the police to obtain permission from the High Court to lay charges against a member of parliament. Field was convicted in October 2009 of 11 bribery and corruption charges and 15 charges of perverting the course of justice. He unsuccessfully appealed to the Court of Appeal on his conviction. In its judgment, the Court of Appeal defined a number of key concepts relevant to New Zealand's bribery laws.

Field then filed an appeal with the Supreme Court, which was heard in June 2011. The Supreme Court released a unanimous decision on 27 October 2011 upholding the Court of Appeal's judgment. The Supreme Court clarified New Zealand's bribery law further, including providing comments as to the wide meaning to be given to the term "corruption." In 2012, the High Court ordered that Mr. Field pay a pecuniary penalty of NZ$27,480, which was determined by the court to be the value of benefits he derived from the offences.

In February 2011, a former manager at the New Zealand Accident Compensation Corporation, a government agency, pleaded guilty to three charges of corruption and bribery. In March 2011, he was sentenced to 11 months of home imprisonment and was ordered to pay back NZ$160,000. The manager, in this case, took a bribe worth NZ$160,000, was given a NZ$9,000 holiday to Singapore and also admitted other acts amounting to corruption. The SFO, which brought the charges, then charged a second man in relation to these circumstances. It has been stated that the investigation revealed "wider, and serious issues … including procurement processes in the public sector, the process for referring corruption allegations to law enforcement agencies, and the scope of New Zealand's bribery laws" (Bennett, 2010). In 2012, the other party to this bribery transaction, a property developer, was sentenced to 11 months of home imprisonment after pleading guilty to making the NZ$160,000 bribe. He also forfeited NZ$205,659 profit in relation to the transaction and paid NZ$101,294 in tax.

A number of further bribery prosecutions and convictions took place in New Zealand in 2012 and 2013 focusing on the conduct of police and corrections officials. For example, in November 2012, a prison guard appeared in the district court to plead guilty to seven charges of accepting bribes in return for smuggling illegal drugs into prison. Earlier that year, a Corrections Department official was sentenced to imprisonment for two years and nine months for falsely recording thousands of work hours for 30 offenders sentenced to community work.

8.5 Public sector codes of conduct

The state and federal public services in Australia and New Zealand all operate within the guidance of a code of ethics, code of conduct or similarly named guidelines, which provide a framework for ethical behavior and decision-making. A brief background on the development of the public service ethos in

Britain is necessary to contextualize these arrangements. Like most Commonwealth countries, these guidelines have their historic roots in the public service ethos developed in the United Kingdom in the nineteenth century. Vandenabeele and Horton (2008) trace the development of the British public service ethos from the principles advocated in the Northcote-Trevelyan Report (Northcote & Trevelyan, 1854) – a unified service; selection and promotion on merit; a career service; and separation of private and public interests. The class-based structure of the British service, where politicians and senior civil servants shared the same background, meant that further characteristics of trust, honesty, integrity and mutual respect between policymakers and policy shapers became part of the ethos (Vandenabeele & Horton, 2008). Between the two world wars additional principles of political neutrality, loyalty, probity, fairness, incorruptibility, and serving the public spread from top to bottom of the civil service, often via written sets of codes or rules issued by the then-powerful Treasury (Vandenabeele & Horton, 2008). Postwar there were further developments, but the most fundamental change to the public service ethos occurred in the years of the Conservative governments of Thatcher and Major (1979–1997). These governments, along with the Republican Reagan and Bush governments in America, the Labor Hawke and Keating governments in Australia and the Lange government in New Zealand all undertook to reshape their public services from a model of public administration to one of public management in what scholars have described as the new public management (NPM) (Barzelay, 2001; Bevir, Rhodes, & Weller, 2003; Hood, 1991). This necessitated a significant change in the ethical expectations placed upon public servants.

New Zealand is heralded as one of the forerunners of NPM, which in turn influenced the development of their public sector Code of Conduct. Such codes set the standards of behavior and underpin anti-corruption resilience more broadly than the narrow, investigative focus of the ACAs discussed above. In 2007, the State Services Commissioner released the latest version of the New Zealand Code of Conduct for the public service. This relatively simple code – without graphics – is presented in Figure 8.3.

Table 8.4 New Zealand and Australian behavioral codes

	NZ	*C'wlth*	*ACT*	*NSW*	*NT*	*Qld*	*SA*	*Tas*	*Vic*	*WA*
Public Service Values		X								
Code of Conduct	X	X			X	X		X	X	X
Ethical Framework			X	X						
Code of Ethics			X				X			X
Principles (of conduct)					X					
State Service Principles								X		

STANDARDS OF INTEGRITY AND CONDUCT
A code of conduct issued by the State Services Commissioner
under the *State Sector Act 1988, section 57*

WE MUST BE
FAIR, IMPARTIAL,
RESPONSIBLE &
TRUSTWORTHY

The State Services is made up of many organizations with powers to carry out the work of New Zealand's democratically elected governments. Whether we work in a department or in a Crown entity, we must act with a spirit of service to the community and meet the same high standards of integrity and conduct in everything we do.

We must comply with the standards of integrity and conduct set out in this code. As part of complying with this code, our organizations must maintain policies and procedures that are consistent with it.

For further information see www.ssc.govt.nz/code

FAIR

We must:
- Treat everyone fairly and with respect
- Be *professional* and *responsive*
- Work to make government services accessible and *effective*
- Strive to make a difference to the well-being of New Zealand and all its people.

IMPARTIAL

We must:
- Maintain the political neutrality required to enable us to work with current and future governments
- Carry out the *functions* of our organization, unaffected by our personal beliefs
- Support our organization to provide robust and unbiased advice
- Respect the authority of the government of the day.

RESPONSIBLE

We must:
- Act lawfully and objectively
- *Use our organization's resources carefully* and only for intended purposes
- Treat information with care and use it only for proper purposes
- Work to improve the performance and *efficiency* of our organization.

TRUSTWORTHY

We must:
- Be honest
- Work to the best of our abilities
- Ensure our actions are not affected by our personal interests or relationships
- Never misuse our position for personal gain
- Decline gifts or benefits that place us under any obligation or perceived influence
- Avoid any activities, work, or nonwork that may harm the reputation of our organization or of the State Services.

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Figure 8.3 New Zealand code of conduct.

Source: www.ssc.govt.nz/upload/downloadable_files/Code-of-conduct-StateServices.pdf

This code is the latest version of what has been developed since 1988. Attention is drawn to the certain aspects of the intended conduct that align with NPM. Professionalism is now an expectation as well as responsiveness. Furthermore, the code reflects what Rhodes (1991) describes as the three Es of NPM – efficiency and effective are named, whereas *using resources carefully* equates to economy. Thus, we can see the continual evolution of public sector ethics and codes of conduct as a tool to counter corruption in the changing public sphere. We now turn from the public sphere to the international and private spheres, where we explore how these two countries engage the rest of the world.

8.6 International obligations

While the above discussion focuses on the anti-corruption measures adopted in Australia and New Zealand to deal with domestic public sector corruption, it is now recognized that countries must also investigate and regulate cases of bribery of foreign public officials by nationals (including national corporations). This focus has grown globally as a result of the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the OECD Convention), and the 2005 UN Convention Against Corruption (UNCAC). These conventions oblige signatories to enact laws that prohibit paying bribes to foreign public officials. Australia signed the OECD Convention in 1997 and ratified it in 1999, and signed the UN Convention in 2003 and ratified it in 2005. New Zealand signed the OECD Convention in 1997 and ratified it in 2001. It signed UNCAC in 2003 and is currently working towards ratification through a series of legislative reforms announced by the Ministry of Justice in August 2013. These measures include the introduction of the Organized Crime and Anti-Corruption Legislation Bill into the New Zealand parliament on June 25, 2014.

The law regulating foreign bribery in Australia is contained in division 70 of the *Criminal Code Act 1995* (Cth). Section 70.2 provides that a person (including a body corporate) is guilty of an offence if he or she gives or offers a benefit that is intended to influence a foreign public official in the exercise of his or her official duties and in order to obtain or retain a business advantage that is not legitimately due. There is a defense if the person can prove that the conduct was lawful or required by the law in the foreign jurisdiction or that the benefit was a "facilitation" payment. Investigations under section 70 are the responsibility of the AFP, and the Commonwealth Department of Public Prosecutions does the prosecution of any offenses. The Australian Securities and Investments Commission (ASIC) also has a general power under the *Australian Securities and Investments Commission Act 2001* (Cth) to conduct investigations where there are reasons to suspect that a contravention of the *Corporations Act 2001* (Cth) (including directors' duties and accounting provisions) has occurred.

Bribery of foreign officials by New Zealand individuals or entities is prohibited by section 105C of the *Crimes Act 1961*. This section prohibits any

person (or corporation) from corruptly bribing, or offering or agreeing to bribe, a person with the intent to influence a foreign public official. The legislation allows for "facilitation" payments if the purpose of the payment is solely or mainly to ensure or facilitate the performance by a foreign public official of a routine government function. As in Australia, the offence has extra-territorial jurisdiction beyond New Zealand. The main enforcement agencies within New Zealand are the police and the SFO. However, in the first instance, all complaints are referred to the SFO.

International investigations and compliance

In 2005, the New Zealand Ministry of Foreign Affairs and Trade investigated national companies associated with the UN Oil-for-Food Programme in Iraq, but found that the companies had acted properly. The same year, in Australia, a royal commission into the actions of the Australian Wheat Board (AWB) under the UN Programme was also held. The final report concluded that there was strong evidence that kickbacks had been paid to the Iraqi government in return for wheat contracts. The Commissioner recommended that a task force be established to further investigate possible breaches of legislation, including the bribery provisions of the Criminal Code and the directors' duties provisions of the *Corporations Act 2001* (Cth). In 2009, the AFP closed its investigation under the Criminal Code for lack of evidence and based on legal advice that there was no reasonable prospect of conviction. In 2011, civil proceedings were brought by ASIC against six executives and officers involved in AWB. In 2012, two former directors of AWB – Andrew Lindberg and Paul Ingleby – were found to have breached their fiduciary duties under the *Corporations Act 2001* (Cth) and were disqualified from managing corporations for a specified period and required to pay a pecuniary penalty. Proceedings against the former chairman of AWB and the former Group General Manager Trading of AWB remain ongoing. Proceedings against two former General Managers of International Sales and Marketing were discontinued in December 2013.

In 2013, the OECD Working Group expressed "serious concerns" about New Zealand's lack of enforcement of its foreign bribery offence. Similarly, TI recommended that the SFO strengthen public awareness of foreign and domestic bribery risks, amend New Zealand's bribery and corruption offences to align them with international standards, ratify UNCAC, and implement a national anti-corruption strategy. In June 2013, the Ministry of Justice proposed the consolidation of several legislative amendments via the Organized Crime and Anti-Corruption Bill. This reform package is intended to facilitate prosecutions of international and domestic organized crime networks (including instances of corruption and bribery) and ratification of UNCAC.

In 2013, two formal bribery investigations were commenced. One investigation, related to an allegation that a New Zealand citizen, domiciled outside the country, had been paying bribes to officials of an African nation. It closed without further action. The other investigation is still ongoing and relates to an

allegation that bribes have been paid over a number of years by a New Zealand import/export company to officials in Asia to secure access to markets. Media reports suggest the alleged bribes were paid in China.

The OECD has also criticized Australia for weak enforcement of its anti-corruption laws. The first prosecutions brought under the Criminal Code were in 2011 against nine executives and officers of Securency International Pty Limited and Note Printing Australia Limited. The case involves allegations that the companies provided funds to overseas agents to be used as bribes to secure lucrative government contracts to produce polymer bank notes in countries including Malaysia, Nigeria and Vietnam. Subsequently, in February 2012, the AFP commenced investigations into allegations that Leighton Holdings, an Australian company, paid bribes to secure construction contracts in Iraq. ASIC is investigating these allegations. In January 2013, the AFP also announced that it was reopening investigations into the Australian companies, Oz Minerals, Cochlear and BHP Billiton in relation to allegations of bribing foreign public officials. These investigations are ongoing.

8.7 Conclusion

Overall, this chapter reveals two lessons from its review of anti-corruption measures in Australia and New Zealand. First, although anti-corruption measures often have some uniform features, there are also jurisdictional differences. This follows the argument laid down by Graycar and Prenzler (2013) that not all corruption is the same, and anti-corruption measures need to be tailored for the environment. While both New Zealand and Australia are well-established, wealthy, free-market democracies and rank well on international anti-corruption rankings, neither is corruption free. Thus, the second lesson is that perpetual vigilance is required to deal with corruption. While royal commissions have a checkered history in Australia of uncovering corruption, the permanent anti-corruption agencies are proving to be more effective. What the Tasmanian Integrity Commission and South Australian ICAC show us is that when you look hard, even in the cleanest societies, corruption tends to exist. Furthermore, the case of the health officials in Tasmania, who came from New Zealand, illustrates the transnational nature of corruption, even between two highly ranked countries.

Notes

1 Inquiries that have led to anti-corruption reform in Australia have not always been royal commissions. The outstanding example is *The Fitzgerald Inquiry*, which led to the establishment of the anti-corruption commission in Queensland was a judicial inquiry, not a royal commission.
2 In Australia, the Liberal Party is the conservative side of politics.
3 The 1993 NSW ICAC investigation "Department of Corrective Services and NSW Police Service – Use of Informers" went on to become the basis for the 1995 Australian Broadcasting Service mini-series *Blue Murder*.

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Part II

D Russia and Europe

9 Corruption syndrome

Reverse evolution of bureaucratic corruption in Russia

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9.1 Introduction

The issue of corruption has become increasingly popular in public discourse in Russia in the last decade. The topic of corruption is widely discussed not only in everyday conversations with close friends and relatives (as it was in the 1990s), but also in the sphere of public administration, including regulatory documents as well as state and municipal reports (Ageeva, 2010; Volkov & Damaskin, 2010; 2011; Korchenov, 2011; Ramazanov, 2012; Chikireva, 2012; Busygina & Filippov, 2013). Today it is hard to imagine an official document or a development program without a mandatory section on anti-corruption measures. Undoubtedly, it has mostly affected state and municipal employees due to their social standing, career expectations, norms and ethical standards, which are often established by a set of legislative acts.

According to the classical (Weberian) state model, state and municipal employees are focused primarily on the law. Their interests cannot have any value in decision-making, or in the performance of their functions and duties. In reality, however, it is not true. State and municipal employees are human with all their foibles and imperfections; all of them are involved in personal relationships and everyday interactions that might corrupt the formal administrative order.

The purpose of this chapter is to explain the administrative reality of public servants as told through life stories, biographies, and case studies of the administrative work of public officials. In other words, we are interested in how the public servants themselves see the topic of corruption. What do they say about corruption? What meaning do they include in the anti-corruption measures? How do they think of themselves with respect to corruption – as fighters, victims, initiators or executors, critics or apologists?

9.2 Methodology

The study is based on sociological research carried out by the Institute for Social Analysis and Forecasting at the Russian Academy of National Economy and Public Administration (RANEPA) in 2012 and 2013. More

specifically, the researchers conducted 150 in-depth biographical interviews with state and municipal employees from different ranks and professions (from clerks to chief administrative officers). It should be noted that it was not easy to organize qualitative research with state and municipal employees in Russia on administrative corruption since it was considered to be a very sensitive topic. Therefore, two decisions were made to reduce their sensitivity. First, during our conversations with the interviewees, we were talking mostly about biographical cases. We provided much freedom to our respondents in choosing the topics of discussion. Second, we utilized a type of snowball sampling technique by relying on our friends, relatives, and colleagues help to find respondents for the first round of the research project. Further respondents for our research were acquired based on the recommendations of our initial participants. A further 21 interviews were conducted as a result of the third round of snowball sampling.

Each in-depth interview included some questions about the professional and private life of the interviewee, including the events, attitudes, norms, and beliefs that influence decision-making in the government sphere. In this context, the respondents mentioned the issue of corruption, described various corrupt practices, and anti-corruption measures that had been implemented. While discussing the topic of corruption, we asked some probing questions: What does corruption mean for you? If it is possible, can you give some examples of corruption in your workplace? What do you think about anti-corruption measures? Are they effective or not?

The analysis of the interviews data was done using grounded theory developed by Adele Clarke (Clarke, 2005; Clarke, Friese, & Washburn, 2015), that is to say, arena maps of social discourse and social worlds of administrative officers, situational maps of main patterns of behavior and underlying attitudes and so on. We do not try to introduce complex or systematic descriptions of the respondents' worldviews. According to the principles of grounded theory, we constructed a theoretical concept of corruption through the life stories collected from the interviews. All of our conclusions refer to communications with public servants.

9.3 Defining the scope of the issue

The initial phase of the research was conducted without any preliminary theoretical model. Corruption was the only subject emphasized in a broad investigation of state and municipal employees' worldviews; as an initial result, an unstructured map of answers derived from the interviews was developed (Box 9.1). Adele Clarke (2005) calls these types of disparate and rough statements an unstructured map and recommends that the researcher begins his or her analytical work from it (see also Rogozin, 2007). The second step is to identify the axial categories that collect a variety of expressions in internally consistent clusters.

Box 9.1 Unstructured situational map of corruption

"I do not relate to those kinds of officials. If people think so, well, let them think that."
"Most people think that all officials are bribe-takers."
"We write a lot of reports on anti-corruption work."
"It's an extra workload for us (i.e., anti-corruption measures)."
"If your mind is completely abstract, just some papers, letters, numbers, then the problems won't be solved."
"People around here are just normal and kind."
"(Anti-corruption) work can't have any result."
"Somehow, I have not seen any trials in the newspapers."
"I say I work for the administration, but silence is the only response."
"Do you mean it actually helps to reduce corruption, for real? Alternatively, is it just more trouble for you and that is it?"
"Well, we know how things really are. Do I even need to explain it to you?"
"So, among the problems that were solved, I personally cannot see any other party that would bring you that bribe."
"In newspapers I can see articles about our administration being completely rotten. However, I can't see any articles written from the courtroom."

Source: personal interviews.

We have already mentioned corruption several times, but we still have not provided a definition for the concept. During the research, it was changed and clarified, so we do not tend to force the issue in the chapter, suggesting a conceptualization of the phenomenon of corruption only in its final part. This does not mean that we came to the study of corruption without any theoretical framework. The longer one is engaged in the study of corruption; the less likely the researcher is to give it a fixed definition. In fact, as Johnston (2005, p. 5) notes, we know nothing about how corruption develops; we can only speculate. To understand corruption, a person needs to clean his or her consciousness of definitions that have been developed as a result of public discourse on the subject and that individual's experience.

Listening to the tapes, and then reading and comparing the transcribed fragments allowed us to identify multiple clusters of meaning. We labeled them as directly related to corruption issues. We managed to define at least six semantic areas (spots), which periodically pop up in the discussion if the subject turns to corruption.

First, for most participants, ranging from the group of highest positions and first deputies to ordinary clerks, it was typical to emphasize the virtues of coworkers and supervisors steadily. Apparently, this fact – the humanization of your surroundings or some "enchantment of the environment" – has a much wider scope than "direct" talk about corruption. However, this only gives us more reason to draw our research interest in this context, which is external to

the subject. ("There is nothing bad around us" or, alternatively, "*The bad is out there*," are examples of local corporate loyalty.)

Second, the description of the "close good" was made against the background of bad and unacceptable in the long term, that is, outside the work competence of the speaker. Participants emphasized the negative overall assessment of the bureaucracy, which is common in modern Russia, and immediately transferred it to some remote, unknown area of the public service. The most interesting thing here is the peculiar effect of bifurcation: as an ordinary citizen, the person is subject to generally accepted standards and ideas about bureaucracy, but when he or she is in this role himself or herself, he or she questions and criticizes the same thesis ("*All the evil is outside*").

Third, we defined a fixed discursive expression ("*Solving problems*") that is used only when a conversation touches the topic of deviation from regulated procedures; the need is to compromise and meet the specific interests of the parties concerned. In other words, it is insufficient to follow the law's provision and regulations; they have to be used to "solve problems" in the interests of the recipient of the service.

Fourth, the conversations about "solving problems" happened in the context of the personalization of services. The rhetoric of public services provided by public organizations and government departments to citizens was replaced by the issue of social positions, which, on the one hand, are taken by public officers who provide help and, on the contrary, by some individuals who receive it. It is often challenging "solving problems" in individual order and follows the law at the same time. These interests are rather reflected in regulations that require interpretation and adjustment to adapt to local conditions ("*Personalized Service*").

Fifth, the anti-corruption measures were often represented only as "*established procedure*," that is to say a direct order to do something without any reference to the effectiveness and meaning of this activity. When executing the established procedure, the clerk does not think of any consequences; she or he does not see any sense in his or her work. Attention is drawn to the requirements for additional paperwork that the public servant has to cope with, but which does not correspond to the solution of current issues and problems.

Finally, we have discovered a strange lack of initiative regarding mandatory, subordinate activity to the regulations. Help provided to individuals concerned, participation in the local community life or other standards of public administration was interpreted as a predefined setting but not as its meaningful acceptance and understanding. Everything that comes from above is accepted without any reasoning, interpretation, or doubts about the adequacy of the regulations. All the real cases that face the criticism, are performed in "the way everyone knows," as one of our respondents stated, and there is no need to say it out loud. On the contrary, there are some cases when the initiative displayed by the public servant becomes a sort of an "anchor" that helps him or her to find a professional identity and defines his or her own activities ("*Initiative as an indicator of self-determination*"). This context is, in fact, a framework for the subject

of corruption, because it allows us to distinguish legal initiatives from corruption initiatives.

Despite all the possible reservations (as well as demand for further verification of research methodology), we are indeed dealing with a relatively stable structure of self-perception of state employees in Russia. With respect to a sample encompassing different groups of Russian officialdom, there is a reason to project this design on a variety of corporate levels and fields of activities. Indeed, we could detect a positive description of the environment or elicit additional distinctions of a bad experience in their personal space by asking respondents direct questions to clarify information. However, the trend looks clear to us and allows us to propose a hypothesis of "dissolution" of bureaucracy as a preliminary explanatory model (stratification, mismatch), which is expressed in a number of relevant oppositions to the current situation "us versus them," "regulation versus the real case," "standard services versus helping people." Corruption, in this case, is nothing more than a consequence of the developing structure of the professional consciousness, a kind of selection mechanism in the system of imposed alternatives.

Therefore, corruption can be seen as a result of the disparity and crisis of the public administration mechanism that regulates social life. However, this thesis already affects the theoretical foundations of this project, and in the logic of grounded theory should be examined only in the final part of this work. For this reason, we should be consistent in designing the theoretical foundations, and we will begin by examining the empirical findings of the study.

9.4 "The bad is out there …"

There are plenty of surveys conducted by polling companies in Russia where the norm is to criticize and complain about one's surroundings. This fact has a psychological basis: talking about the problems assigns a precise meaning to communication with a stranger who, probably, could help to improve the situation, to make life better.

Besides, it is not common in our culture to talk a lot about the good to strangers. You can either literally jinx yourself or chase your good luck away; or you may seem too selfish, showing off something that can be discussed only in more private and not so random communication. In other words, the distribution in the Russian mass surveys is often skewed to the negative side of the scale, not only because of the problematic life but also because of the manner and habit of its description, presentation in front of a stranger.

An entirely different style of communication and tone of statements were found in interviews with state and municipal employees. Almost all of the participants in these conversations, regardless of the status, gender, age, place of residence, and institutional registry, spoke especially warmly about their colleagues. The same applies to the subject of corruption. Among virtually all the groups of the population prevalence of corruption is associated with the poor performance of government officials and the lack of trust in the government

(Makarova & Vahrushev, 2012, p. 59; Villoria, van Ryzin, & Lavena, 2013, p. 92). Accordingly, any appreciation of their and their closest colleagues' contribution to the public administration automatically indicates a lack of corruption. In this regard, there are no misunderstandings in the world of state employees, the most important task is to explain their objective, show interest, put yourself in the other person's place, and the problem will be resolved (fragment 1).

Fragment 1: *Senior Committee Specialist, 50 years old, female with one year of experience working in the public service.*

1. When I came to the public service, I realized that the officials are normal, good, kind people. If you do not understand something, just ask, call, explain correctly, they will understand you and help you.

However, such a positive inner world is put in a very negative context. Many people perceive corruption in Russia as a natural and inescapable phenomenon (Holmes, 2008; Orlova, 2008; Sharafutdinova, 2010; Cheloukhine & Haberfeld, 2011, pp. 61–62; Healy & Ramanna, 2013, pp. 123–125; Kuprijanov, 2010, p. 184; Levin & Satarov, 2012, pp. 4–5; Makeev, 2013, p. 160; Dzucev, 2013, pp. 95–96). It is not accidental that excusatory semantic constructions appear in the conversations over and over again. The respondents demonstrate opposition to such a situation, an inner discomfort associated with the public opinion on the "good" performance of an official (fragment 2).

Fragment 2: *Chairman of the Information and Analytical Committee of the Region, male, with 15 years of experience working in the public service.*

1. Most people think that all officials are bribe-takers. During work time, I communicate with the same officials, like me. I can see how people work, I can adequately assess them, not like Internet users do.

"Most people think that all officials are bribe-takers" (fragment 2, line 1) is the leitmotif of virtually all of our conversations about the image of an administrative officer in the eyes of the public in the Russia. Talking about his recent past, a man with a very considerable experience in public service remembers that at some point he was embarrassed to say that he was working in the public service (fragment 3, lines 1–2). Denunciation was so great that he could not discuss such issues even with his acquaintances. Due to a sequence of negative connotations, the topic of work was excluded from everyday conversations: "They were silent, many of them were silent" (fragment 3, line 3–4).

Fragment 3: *Head of the Public Service and Personnel Administration of Department of Social Welfare, male, with 29 years of experience working in the public service.*

1. I was ashamed to admit it [i.e., working in the public service], because, you know, I found myself in a situation where I had to make excuses …
2. When I said I worked in the office, after that I had to look at people, and they were silent, many of them were silent, but the people were intelligent, educated.
3. I had to make excuses: "Well, here we do not do it, we do not harm; we do not take bribes."

For many Russians, work is not only a major part of life, but it also forms one's identity and outlook. For public servants, who overwork and have emergency jobs from time to time, work very soon becomes second nature. Avoid talking about it with your friends (fragment 3) is the same as to hide away a part of yourself, to divide your life into at least two non-overlapping spheres.

Again and again, even in neutral conversations, our interlocutors occupy an excusatory position, emphasizing that they are not going to explain anything that they do not steal and do not take bribes. However, the fact they emphasize this indicates a very critical and potentially explosive social context: "People think, well, let them think" (fragment 4, line 2).

Fragment 4: *Head of the Administration of Order Placements for the Committee of State Regional Property Management, female, with one year of experience working in the public service and ten years working in the municipal service.*

1. I do not mind it. That is, I kind of state that I do not relate myself to that kind of officials.
2. People think, well, let them think.
3. That is, I will not, kind of, argue passionately that it is not like that, and I will not try to prove it.

Therefore, the self-importance, the meaningful professional activity, is formed in the language through the excusatory constructions, by contradiction. This leads to the need for both strengthening the positive assessments of one's surroundings, as well as determining the external, regarding themselves and their colleagues, "powers of the dark." If the majority believes in bribery, if the position of a corrupted official is perceived by all participants of the communication as a self-evident fact, the only possibility to oppose something to it is to indicate the possibility of such situation somewhere else. You can meet corrupted officials too, but they all live somewhere else, in an unknown place, they are not related to the current everyday affairs. This transfer allows you to "save face." The talk about corruption becomes a marker that distinguishes "us" and "them" in the public space, marking "us" as good and "them" as bad.

9.5 "All the evil is outside"

Corruption such as robbing the state, extortion, money-grubbing, and a criminal offense that involves a substantial period of correctional labor can hardly be imagined. Such critical and harsh assessment of corruption just cannot be meant in a conversation with a stranger (the interviewer). We can talk about corruption as a serious crime only in a general, abstract concept. In other words, we need to fight against corruption but the signs of a struggle can be found only outside: in newspapers, on television, in official statements and investigative journalism. This is the primary rhetoric style for public administrative officers (fragment 5).

Fragment 5: *Head of the Department of Social Security, female, 55 years old*,

1. I.: I did not quite understand, why does it make no sense to fight corruption?
2. R.: It makes sense, of course, it does. Not only does it make sense, but we also must fight it, we just have to.
3. I.: Do they?
4. R.: I do not know. Somehow I have not seen any trials in newspapers. As Vladimir Vladimirovich [V.V. Putin, Russian President] said, "Where are the imprisonments?"
5. I.: I have not seen any. So, you must do it, but you do not know.
6. R.: No, I have not seen the results. In newspapers, I can see articles about our administration being completely rotten. However, I cannot see any articles written from the courtroom, as they used to say about trials. However, the administration is either rotten or not. That is why it turns out to be such nonsense.

"Somehow I have not seen any trials in newspapers" (fragment 5, line 5), says the middle manager angrily, who occupies one of the meaningful positions in the hierarchy of public service. Emphasis on the criminal investigation is typical in selecting the most effective anti-corruption measures (Astanin, Storozhenko, & Sanatin 2012, c. 19). That is how the topic of corruption is displayed during discussions beyond the circle of close relations. Imprison and punish the guilty is the typical logic of the alienated consciousness that does not recognize the latent corruption component in their environment.

M. N. Makarova and R. V. Vahrushev (2012, p. 53) emphasize that for Russian discourse, a legal definition of corruption is common that automatically assumes there is a corresponding set of sentences of administrative fines and incarceration. In this sense, our interlocutors only reproduce the usual clichés of talks about corruption. Maybe it becomes a primary cause of rendering a conversation beyond personal life. If the conversation is initially marked as relevant to the public subject that is external for the speaker, it would be naive to expect to switch to the cases of personal life.

We can assume that a "corrupted person" is a stereotype, and its popularity makes it possible to maintain the existing structure and psychological solace based on the principle. Even a perfect structure cannot control the criminal energy of the rare "black sheep" that invaded it. The detection and identification of which, including a point of view a scientific observer, are a testament to the functioning of the structure. The observation on the substantial criminal energy of the performer, on the one hand, complements the picture of the struggle between good and evil, and on the other hand, sheds doubts over the possibility and effectiveness of prevention and control. Also, it gives the citizens an opportunity to be indignant at the irresponsibility of others (Zaurvayn, 2012, pp. 107–108).

The fight against corruption has long since become a public procedure that spread beyond the bounds of its life. You can find out about the misdeeds that are taking place from newspapers or by watching television, discovering the sign of decay that has already been marked by some outsider. The distinguishing optics is set for a long distance. Otherwise, it will become impossible to work or exist in an environment that was initially immersed in corrupt relations.

Through research in corrupt settlements in India, scientists have discovered surprising stability of negative attitudes towards corruption (Widmalm, 2008, p. 148 as cited in Rothstein, 2011). The latter cannot exist without condemnation, but the negative evaluation can be addressed only to the outside world and are formulated in the form of general ethical max. Furthermore, it cannot affect the real situation.

9.6 "Solving problems"

Formally, the task of a public servant is to fulfill accurately and timely the orders given to them. However, this is the lowest level for those who failed to show their worth and achieve something significant. It will take years to climb their career ladder, but the prospect for most of them is not above the position of a head of the department.

The situation is different for those who were able to overcome the execution of documentary duties only. Commissions of the higher authorities, strict adherence to the regulatory documentation and reporting on time are all necessary but not sufficient conditions for a successful career of a modern Russian official. The main thing is to be able to "solve problems" – a particular and very occupational concept, despite its popularity in everyday speech. "Solving problems" means to make decisions and implement projects timely, accurately and efficiently, to respond to the needs of external stakeholders (business people, politicians, public figures), while maintaining the necessary order in the legal and administrative documents (fragment 6).

> **Fragment 6:** *Head of Legal, Organizational, and Informational Support of the Regional Cultural Committee, male, with eight years of experience working in the public service.*

1. When I was still working for the regional Duma, in everyday life, I often communicated with people.
2. That is, people came to us; we worked on their problem and helped them. I saw that the person was pleased; they got real help.
3. Moreover, they did not have a negative attitude, that is, they had a problem, they came to us, we helped, and now they are doing well.

The work with the interpretation of laws, the ability to interpret legal texts and find legal schemes to accelerate the ongoing work – that is what makes state and municipal employees valuable and demanded specialists in the public administration. A skill in resolving issues (and not just following the instructions) is the primary factor of a successful career of a top manager in the state and municipal service. It is remarkable that in the speech of an administrative officer, the "solving problems" is often associated with obtaining of an additional remuneration from the interested parties. Moreover, although these two actions are opposed, and the last is spoken of as completely unacceptable, the fact of compensation in the context of "solving problems" tightly adjusts and coordinates two discourses and creates a convenient context for interpretation: "Not take a bribe but to solve the problem" (fragment 7).

Fragment 7: *Head of the Civil Service and Personnel Department of Social Security, male, with 29 years of experience working in the public service.*

1. It is human nature to be proud of some actions. The unseemliness of the deed is in the fact that he took the bribe, but the virtue is in the fact that he solved the problem.
2. So, among the problems that were solved, I personally cannot see any other party that would bring you that bribe.

Solving problems always means going beyond the 'direct involvement' (fragment 8, line 23). If the current affairs are within the regulations, then there is not any tension and "heroic bureaucratic labor." On the contrary, the contingencies that have to be overcome leave an imprint on the memory; act as a link between a public servant and a group of the parties concerned. "At the same time, we made a real decision with the developer, who took a commitment. We decided to help him. We organized a brainstorming session on how to do it in the legal framework" (fragment 8, line 47). The Weberian type of bureaucracy that follows the law "without anger and passion" is out of the question. The administrative officer takes responsibility for the interpretation of the law, makes decisions. They have the authority and acts as an arbitrator or a truce envoy between the conflicting parties.

Fragment 8: *First Deputy of the Head of the Regional Administration, female, 43 years old with two years of experience working in public service.*

1. I carried out the duties of the governor during his absence. Moreover, they announced a rally.
2. How did I get involved in this problem? It was not about my direct personal involvement.
3. Moreover, I had to call them, restrain, give real promises.
4. At the same time, we made a real decision with the developer, who took a commitment.
5. We decided to help him. We organized a brainstorming session on how to do it in the legal framework.
6. We do understand that we cannot solve this problem any other way, only in the legal framework. We got off cheaply; everything was solved. Shareholders call and write me: "Thank you so much!"
7. It means that if we want something, we do it.
8. However, there are some bureaucratic things, we really want to do it normally, but (pause)

Arvind Jain (2010, pp. 73–75) identifies three separate types of corruption that work by the special rules: political, based on the exploitation of policy decisions in favor of the people concerned; bureaucratic, based on the specific conditions of provision of public services; and legal, based on the conduct of the special conditions through legislation. In case of "solving problems," bureaucratic corruption gives way to the political. Public service is transformed into a political work of settlement and coordination of interests, in which legislation is considered only as an external attribute, a system of rules that should be followed. "If your mind is completely abstract, just some papers, letters, numbers, then the problems will not be solved" (fragment 9, lines 2–4).

Fragment 9: *First Deputy of the Head of the Clerical Work and Control Administration under the Regional Government, female, 45 years old, with ten years of experience working in the public service.*

1. An official should probably have the most important quality – to take what happens to people to heart. Then you will be able to solve their problems.
2. If your mind is completely abstract, just some papers, letters, numbers, then the problems will not be solved.
3. Everything proceeds from the scope of solutions to just some plane paperwork.

The area of "solving problems" as sensitivity to external demands and concern for people is precisely the aspect that points to the phenomenon of overcoming the limitations of formal service. When the "highest good" conflicts with the legal requirements, in this logic, one should look for opportunities to redefine the latter. Problem solvers are always in the external position to the law. They are not the creators of the standards; they are the interpreters. They are not

officials; they are politicians that use the official's position to reach their political goals.

In "solving problems," the clearest and acute is the problematic idea of the state of service or the consideration of authorities as a service. A person who cares about the common good and takes on the role of the guarantor of the legitimacy of "trade-offs" and "contracting parties" can no longer provide services to these parties. He takes on a significant function – the settlement of the conflict and the establishment of the universal regulations. In other words, instead of being a functionary that supports legislative decisions, he becomes a manufacturer of solutions in which the law is simply an external attribute, a frame for the production of the local game that reflects the relevant context.

9.7 "Personification of services"

The professional bureaucracy that was extolled in the classic works never aroused similar feelings in the mass consciousness. Bureaucrats who exactly follow the letter of the law and all instructions are unpleasant to others as well as themselves. In everyday speech, bureaucratization is opposed by humanity, the ability to put oneself in the other person's place, and in business language, it means attention to the needs and customer focus. That is why the efficiency of the document circulation or optimization of bureaucratic procedures are often replaced by what can be called the "personification of services." The display of humanity and concern that are beyond the direct duties encourages gratitude in return and even a small gift – a rewarding practice that was prevalent in the Soviet period (Cheloukhine & Haberfeld, 2011).

In this sense, things that have always been good for a business person are now a temptation for an administrative officer. It is the personification of the administrative work that allows us to speak about the services produced by an official rather than the state. Further, the official's competence, in this case, is defined by the ability to "solve the problems while staying in the legal framework" (fragment 10).

Fragment 10: *Head of the Civil Service and Personnel Department of Social Welfare, male, with 29 years of experience working in the public service.*

1. To evade the difficulties, negotiate with the parties concerned, to make trade-offs, all of that while staying in the legal framework at the same time.
2. You cannot solve a problem to report on its solution. Moreover, when you solve a problem you need, first, to make sure that no one suffered any damage and the situation improved, and, second, to solve it in a way that will allow you not to get back to this issue anymore.
3. That is, it should be solved with such a mutual agreement that it will never arise again.
4. That's it; we solved it and went on.

"You cannot solve a problem to report on its solution," says an officer with a great working experience (fragment 10, lines 2–3). The reporting is only an incidental and often-burdensome side of work. A demand from one's closest surroundings that are interested in changing the current situation is the first thing that appeals and creates its own meaning. The personification of the public service becomes the basis of a corrupt environment. When we can single out some people and create rules of service based on the individual qualities of the people who applied for the service, the issue of maintaining justice and social order is simply out of question.

9.8 Fight against corruption as an established procedure

The fight with corruption takes place outside. It remains non-public, implicit to the ordinary citizen but an official perceives it as ineffective and ostentatious. Administrative officers are ordinary people too. They read newspapers, visit websites, and switch the TV channels. Corruption for them is not an internal disease of the professional environment; it is something external, like an epidemic that is spreading somewhere far away, in other territories. Echoes of the fight come in a form of orders, speeches, and publications of social scientists (see, for example, Ramazanov, 2012; Yablonskaya, 2012).

Declarations of income, preparations of quarterly reports, participation in meetings, and production of off-schedule documentation – those are the things that are opposed to corruption within the professional world. The anti-corruption rhetoric is based on strict regulations that are indistinguishable from all the other regulatory settings. The Deputy of the Chairman of the Committee on State Property Management said that it is "difficult to assess" (fragment 11, line 5) the effectiveness of the anti-corruption measures. The anti-corruption measures, the criminal and administrative liability and the public condemnation form a point of view, which blocks a critical attitude toward themselves and their surroundings. "Formal methods" (line 12), aimed at the production of documents with the "extended interpretation of law enforcement regulations" (line 15), "allegedly" contributes to something, according to the respondent. However, there is no understanding of what this "something" may be: "I just do not know how effective it is" (line 18, 19). "According to what I said, that is the situation, of course, in fact, it is an extra workload for us" (line 28, 29).

Fragment 11: *Deputy of the Chairman of the Committee for the State Property Management, female, 35–40 years old, with seven years of experience working in the public service.*

1. I.: What measures are taken to combat corruption? Are they effective? What do you think? Or are they just for, well, you know …
2. R.: I don't know.
3. I.: You don't even …

4. R.: It's hard for me to evaluate it, because, thank God, I do not class myself as a corrupt official, and in our organization, it is, you know … I don't know, I'm just absolutely sure that there are no such people in our organization. Therefore, I find it difficult to evaluate, because I do not know how it's done.
5. I.: Do you really … it's just that it seems like there are some kinds of anti-corruption examinations of documents, something like that. Or are you?
6. R.: They are more, like, well, formal methods. Yes, of course, now we are paying close attention. But it is more, should I say, a legal aspect, right? That is, wherever an extended interpretation of any law enforcement regulation is allowed, it allegedly allows or, well, it is a corruption-factor. We pay attention to it, delete such statements from the regulations, and so on. I just do not know whether this is effective, because somehow it is difficult to estimate, as it was, for example, with the last statement, and what happened to the current one. I do not know. Of course, we must do something. And, perhaps, it is right that now at least some work is being carried out. We write many reports on anti-corruption work.
7. I.: But I am just interested, do they have any effect? Do you mean it actually helps to reduce corruption, for real? Alternatively, is it just more trouble for you and that is it?
8. R.: You know, given what I have said, that is the situation, in fact, for us it is an extra workload, of course. Because how can we say whether it is effective or not if have nothing to compare it with.
9. I.: Well, yes.
10. R.: If we had, say, three cases or three officials were made this year we had no such thing, we could say, yes, this work was effective. Of course, we do not have such statistics. That is why regarding our organization, I can say it is an additional burden for us.

Understanding of the meaning of the corrupt situation and the measures to fight it is delegated to the higher authorities, and its causes are taken beyond the real groups of people and real organizations into the sphere of abstract "legal aspects" and "corruption-factors." It is unclear whether there are results of the fight against corruption, what are the criteria for the effectiveness of the combat against corruption that is performed by the "formal methods" associated with a continuous editing of the regulations and reporting. Therefore, any need to fill in more and more reporting forms is perceived as "an additional burden" and cannot "be effective" (fragment 11, line 33), while the efficiency is equivalent to the criminal prosecutions and administrative penalties (lines 33–35). The absence of the latter is often labeled as the absence of the corruption itself, as well as the facts that allow us to talk about the effectiveness of anti-corruption measures.

Ilo Yu Wing-Yat (2013, p. 94) asserts that any formal ways of fighting corruption, if not based on a corresponding readiness on the part of administrative

officers, will only lead to the forming of bureaucratic behavior, rather than the real anti-corruption opposition. As an example, he cites the work of the Anti-Corruption Commission in Macau from the 2000s, which was based on the administrative ways of solving problems. According to the opinion polls and the evaluations of foreign experts, corruption in the region was reduced to a minimum, but in 2006, the exposure of the minister of transport and public works, who was arrested on charge of taking bribes worth more than $100 million, became a real shock for everyone. The additional reporting and inspection system, which was launched as a prevention of corruption relations, led only to the mimicry of the real decision mechanisms and redistributed the flows of corrupt payments by moving them to a higher level of public administration.

The effect of the descending administrative meanings that go down the hierarchical chain is typical for all levels of Russian government. The deputy governor, who stands at least two positions above the deputy of the chairman of the committee, does not differ from the latter in assessing the rationality of the incoming orders from above. The talk about the effectiveness of anti-corruption measures is meaningless, because the addresser and addressee coincide in the face of a superior authority, "Applying it to myself personally as a leader, I just want to say that I will understand any measures, I'll accept them and take them into consideration because the state has adopted these rules of the game" (fragment 12, lines 4–6).

Fragment 12: *First Deputy Governor, female, 44 years old, with three years of experience working in the public service.*

1. I.: As I understand, the measures you have right now are ineffective, in your opinion, so what kind …
2. R.: (interrupts) I would not call them ineffective. Applying it to myself personally as a leader, I just want to say that I will understand any measures, I'll accept them and take them into consideration because the state has adopted these rules of the game. Effective or ineffective, let's get back to your question, maybe the reports are incorrect. That is why it looks like the corruption is everywhere. I disagree with that. I know the employees here, I know my colleagues, trust me, you can't say such things. There are fairly decent, confident people sitting and working here. That is why if you say 'inefficient' I will not support this statement. What should we do for that? Recruit more competent, honest, professional people. Some kind of test, for example, is one of the elements.

The issue of efficiency actualizes the issue of the staff, and leads the respondent to the statement about high professionalism and honesty of their subordinates (fragment 12, lines 9–10). Further, the work on increasing the efficiency of anti-corruption measures is just a recruitment of the most competent personnel. It is a full circle: the question of efficiency of the anti-corruption measures gets us back to the statement of "All the evil is outside." Only on behalf of the

senior manager this means her own, effective personnel policy. (What should we do for this? Recruit … competent, honest, professional people …).

However, the question of the interviewer was not random. Just a minute ago, the deputy governor was talking about a vast amount of useless reports, overstaffing, and unmotivated authorities are coming from the center (fragment 13, line 15). The subsequent talk about professionalism sounds more like an attempt to fix the previous remark, which can be misinterpreted not in favor of the organization headed.

> **Fragment 13:** *First Deputy Governor, female, 44 years old, with three years of experience working in the public service.*
>
> 1. I assure you, it would be better to throw at least half of the reports away and to reduce the officials and send them to the field. Because we have to do it during the transfer of authorities from the federal center, … we don't even train our officials, the state is not increased, and the authorities keep falling on us. It's unbelievable, every day there is a pile of reports. To the various ministries, we send the same, on paper and electronic media. And the people sit and work, all that paperwork … My approach comes from business; it is more realistic. I would reduce half of it. It does not provide the efficiency we need.

The "naïve" questions of the interviewer about the efficiency of the fight against corruption are beyond the limits of common sense of a Russian official. The appointed procedures cannot be assessed from the perspective of the executor, who was forced to take them to the unconditional execution. They are not written in the "moral scheme" (Ntayi, Ngoboka, & Kakooza, 2013) and are perceived as a kind of objective reality of the administrative work. The only attribute of efficiency, which a leader can refer to, is the staff that should be moderately criticized and praised, so as not to upset the balance between the descending orders and the ascending reporting.

9.9 Initiative as an indicator of understanding

The administrative officers, in their understanding, are under a constant pressure of alien environments. The higher authorities provide intricate and at the same time directive, mandatory orders. People are dissatisfied with the current situation and the delays in decision-making. The word "official" in the mass consciousness has acquired negative connotations, derogatory and offensive meanings. The public service is also pressured by the business with an emphasis on efficiency and productivity, nonprofit sector with a claim to the principles of citizenship and establishment of democratic institutions.

In between the formal recorded interview sessions, one of the administrative officers told us the story of his attempt to redefine the understanding of the effectiveness that was shared by his colleagues and the collapse of his personal

interpretation that followed. When he got the job and received his first assignment, he finished it in a couple of hours, provoking bewilderment of his superiors, and after a while, he received a new task. Soon he noticed that not only his superior but also his colleagues looked at him in amazement. The bewilderment gave way to a hidden hostility and isolation from others. And only a few months later, in casual conversation, he heard that the problem was the complete opposite. In a short period of his career, he has managed to raise the efficiency of work to such a level, that every day he performed a monthly quota of any of his colleagues, questioning the efficiency of their work. "After this realization, I quickly corrected the situation, began to work 'like everyone else' and the attitude in the team adjusted quickly," he concluded with a smile. "Every day there is a pile of reports" coming from different ministries (fragment 13, lines 5–6) creating a situation outside the context of the work efficiency.

The only thing that is left is a circle of "friends/us" who occur in similar conditions, under constant risk of judicial investigations and penalties, alternating with the awards and overtime work for the sake of implementation of external and often incomprehensible instructions. Any initiative is impossible in such an environment and with such point of view. It is harmful not only for the career growth but also for life. The more surprising is the display of an initiative, the desire for "solving problems" not only to perform but also to set up goals, to anticipate the instructions coming from above, to dictate their own interpretation of the law, to defend their opinion in front of all the subjects of government.

Corruption can also be seen as proactive, as giving meaning to the administrative routine. It starts with an agreement on shadow deals that initially are hidden from the law but eventually violate it. This can be the influence of the particular features of the mechanism of public administration, which only gives an employee an everyday work without any feedback and does not provide an opportunity to be the subject of the action. However, it is easy to assume that the initiative is not interpreted by state and municipal employees as corruption only and is not confined to the shadow economy. People with a different point of view on the order of things should be able to enter the environment of administrative officers, even if it is fulfilled through a limited career path. They are orthogonal to the rooted mores, total skepticism, and protective reactive action; the concept of corruption is alien to them. The initiative in the corrupt transactions is determined by the greed and the desire to create a different area of meaning. Corruption literally gives the world the status of an alien territory populated by aliens whose only objective is to spread harm. Corruption is just one of the areas of the meaningful existence in authority, and it was originally a parasitic type.

The First Deputy Head of the District, who is 30 years old and has an unusual passion for an administrative officer, is responsible for land issues. He talked about his three-year achievements. A complete inventory of agricultural land was made, and it turned out to be a few thousand less than noted in the act; the borders of the area were measured, and in fact, in terms of the land they

are bigger than the ones recorded in the documentation. The period of organization and tendering of the land for residential or industrial development has been reduced from two or three years to three months due to the choice of an external trade company, which is entirely responsible for all risks concerning delays or failure of the purchase and sales transaction. They spent a year on creating a realistic register of properties and another year to establish relations with the business, architectural and urban community. The executive authorities of a higher level are a separate issue that requires much effort. The official participated in negotiations that lasted many hours, and he used all sorts of rhetorical strategies, from manipulative to pleading, to optimize the land turnover and fill up the revenue part of the budget.

What was his motivation? Why didn't the initiative acquire a corruption component that is so typical for any independent decision in the public service? Why did the elements of business environment started to work in a state organization, replacing the usual "solving problems"? The First Deputy gave a very structured answer to the direct question: "Firstly, I was a visitor. I'm not from this area and not even from this region. I didn't have any interests besides the tasks I was given, and I didn't have any obligations to the people I had to work with. Secondly, there was a constant fear of incarceration. My first day of work began with the response to the prosecutor's inquiry about the work of my predecessor. Third, after getting a monetary reward from the business even once, I would have lost my independence in decision-making, I would not be able to dictate my rules, would not be able to realize this transformation." A corruption scheme hides an erosion of authority and its transfer to the more initiative players. Our respondent paid much attention to this threat. That is why corruption blocks the legitimate initiative (Ades & Di Tella, 1997), prompting to do business in an "old-fashioned way."

A legal initiative in the public service is the desire to comprehend; it is a component of anti-corruption that blocks the temptations for profit and personal enrichment. The legal initiative helps state and municipal employees to benefit from the imperfections of social relations and to adjust to them. This this is a completely different type of ambition associated with the search of one's self-determination.

9.10 Reverse evolution of bureaucracy

Herbert Spencer was the first to notice the evolutionary development of regulatory relations in society. At the beginning of the section about Herbert Spencer in a volume dedicated to theoretical sociology, Jonathan Turner points to the lack of demand for the classic works. He mentions two reasons for the negative attitude: evolutionism and functionalism developed by Spencer and evaluated as outdated and overpassed theoretical concepts (Turner, 2013, p. 30).

However, if you look closely at the epistemological foundations of the modern approaches, we can see that they are not far away from that proposed by Spencer, distinctions that are based on the rigid adherence to the liberal

principles. Therefore, his name was not mentioned by accident. It is motivated by the thoughts on the nature of corruption relations, in the development of which we can see the features of the evolution of living organisms (biological analogues of corruption are mentioned in our papers; see Rogozin, 2012; Rogozin & Shmerlina, 2012). Continuing the thought of Turner, one could affirm that in the constructions of Spencer we can find not only the successful logical conclusions but also the theoretical concepts that allow us to accurately describe the reality around us, to understand the meanings that determine the development and the destruction of the social institutions.

From very simple unregulated forms, social formations during the process of differentiation, integration, and adaptation consistently go through new stages of complexity, including the complexity of the administrative system. Spencer points to the possibility of subsequent complexities, describing the binary and the ternary derivatives of the initial tendency to the segregation of management. Turner (2013, p. 48), in his comments to the works of Spencer, gives an overall scheme of the evolution of the regulatory, operational, and distributive social systems.

However, and this is very important for our hypothesis, except for the evolutionary development of the regulatory functions the reverse processes are also possible, which are associated with the pressure of the environment or the development of the areas of interest included in the regulations of certain social groups. There is a disparity of the individual parts of the system, the coherence of the system is damaged and, as a consequence, there is a reversion to its more archaic foundations and principles.

9.11 Conclusion

The explanatory scheme of corruption that was prevalent in the 1990s appealed primarily to the economic motives of the participants. Corruption was perceived as profit from an illegal transaction with the usage of the authority resource (Klitgaard, 1991). However, an economic component is only a special case of the degradation of the authority of institutions. Corruption is rooted, on the one hand, during the institutional interactions (Klitgaard, 1991; Rose-Ackerman, 1999; Venard, 2009; Johnston, 2005), and, on the other hand, in cultural standards, in the here-and-now formed traditions of problem-solving and doing things (Fisman & Miguel, 2006, 2007; Gong & Wang, 2013).

The identification of corruption with the mechanism of integration that has its particular role in the development of the system is a typical misconception of the critics of structural-functional approach (Zaurvayn, 2012, p. 113). On the contrary, corruption develops despite the legal system, making it easier and "archaizing" its primary regulatory functions.

Simplification of the social roles, separation of legal sphere, established by law from the actual one that is necessary for the decision-making forms the basis of public dissolution. These are the processes we may observe when the government officials formally obey the global regulations and point to the insufficiency

of purely formal execution of the laws and regulations of higher institutions. Through the criticism of the external, often-hostile environment and the dissatisfaction with the total accountability, these groups begin to solve the relevant issues, demonstrating the inability of the authority hierarchy to perform their functions in the field.

During the research on corruption, it is not always advisable to build general explanatory models. Michael Johnston (2005, p. 36), undertaking a brilliant comparative analysis of the situation in different nation-states, identified four types of corruption syndromes: (1) the pressure of the market; (2) the cartel of elite; (3) the oligarchy and clans; and (4) the magnates of the public service. In this typology, Russia is related to the countries in which the third syndrome dominates and forms a corrupt relationship, which means that the primary attention of the investigation should be focused on the small groups of elites and their personal clans controlling and protecting the corrupt relations (Johnston, 2010, p. 121). Cheloukhine and Haberfeld (2011, pp. 67–68) also emphasize the involvement of the political and economic elite that provokes corrupt practices. They identify three main reasons for the widespread corruption in Russia: first, the tradition of small bribes, formed in the Soviet past; second, the presence of a "top" system, forcing businesses to engage in corrupt relations; third, a universal concept of the total corruption.

However, the functioning of the corrupt deals that we can observe at the different levels of social relations can be lost between such macro social labeling and global explanatory constructions. The implementation of oligarchic power is only possible in the context of institutional imbalance (dissolution), supported by many participants of the regulatory function. Corruption is reproduced in everyday, routine relations even when there are no direct transactions related to obtaining benefits.

A tendency to the tampering of the legitimate authority is hidden behind the clear and rational words about helping ordinary people, solving their problems, dissipating the social tension, and establishing compromise agreements. In this case, we perceive corruption, not as the fact of monetary gain, but the erosion of formal rules through additional, contractual relations. Like most researchers, Jain (2010, p. 73) notes that although it is difficult to agree on a precise definition of corruption, one opinion is mainly shared, namely the perception of corruption as actions in which authority is used for personal purposes by avoiding the general rules. As Zaurvayn (2012, p. 108) noted:

> There is no doubt that, firstly, corruption brings private benefits to individuals; secondly, corruption corresponds to the model of mutual beneficial exchange with the only difference that this transaction is made through a third party, and the actors proceed either from the fact that their transaction will not be revealed by a third party or take action to conceal the transaction. Moreover, the better they can use the asymmetry of information systems to cover the transaction, or the better they can use the existing opacity to increase the asymmetry, the higher will be the probability of

completing their task. Only under such conditions, it is possible to use manipulation to make decisions in their favor.

A corrupt official solves a narrow range of problems by adjusting to external rules. His or her task is to "do things" and to "solve problems" by using external standards, but not attempting to change them. The participants of shadow relations are not interested in specification and refutation of the existing legislation. Any, even the most useless actions leading to an increase in reporting, bureaucratization, and red tape, for they are only external conditions for the "real" work. That is why very often a formal adherence to the instructions and standards as well as the apparent submission to the legitimate leadership is a sign of the origin of corruption relations. In the places where the task of comprehension of the current events is discarded, and the feedback and communication in the administration system are damaged, there are always specific areas of meaning that lead to parasitism on general social relations in favor of the private interests of particular groups.

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10 Multidimensional comparative analysis of corruption in Europe from 1999–2013

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10.1 Introduction

Corruption in its broadest context is a widespread phenomenon in many countries, particularly those at a lower level of economic and institutional development (Rodriguez, Uhlenbruck, & Eden, 2005). It can be broadly referred to as improper and typically illegal behavior aimed at gaining a certain advantage. More specifically, Shleifer and Vishny (1993, p. 599) define it as "the sale by government officials of government property for personal gain. For example, government officials often collect bribes for providing permits and licenses, for giving passage through customs, or for prohibiting the entry of competitors." In particular, corruption occurs where there exist significant social and economic differences within a given community, or legislative and policy enforcement is missing. Therefore, the borderline between illegal corruption and acceptable gifts and "tokens of gratitude" in specific communities may be difficult to define.

Accordingly, the most common understanding of corruption is a multifaceted issue, about moral, political, legal, and sociological aspects. However, the purpose of this chapter is to identify corruption in its economic dimensions as well as synthetic measurements of the phenomenon aimed at classifying European states in terms of the level of this complex occurrence. Excluding the aspect of morality and applicable law, if one views corruption from a purely economic point of view, it could be defined as a "natural way to increase the achievable pool of advantages." Bribery, on the other hand, would become "an incentive or a market arrangement item" (Noga & Stawicka, 2008, pp. 121–122). One could even claim that from the economic perspective, corruption may be advantageous at times, particularly in the case of developing countries (Rodriguez, Uhlenbruck, & Eden, 2005).

It should be emphasized, however, that corruption – bribery in particular – is a different phenomenon in developed countries than in developing countries. In post-industrial countries, bribes are used to achieve extra advantage and gain access to goods that would otherwise be unavailable (more than basic goods). Thus, a bribe is not an additional burden there. However, in countries at a lower level of development, it would often replace the market

mechanism and become the only method of distribution of practically any goods (Cuervo-Cazurra, 2008). The purpose of applying this instrument is to secure such a quantity of goods as is necessary to survive (basic goods). On the one hand, the continuous necessity to offer bribes makes the costs of living increase (with consumers' purchasing power decreasing), but on the other hand, the lack of additional "incentive" means that purchasing the given good becomes impossible or restricted (Noga & Stawicka, 2008). Paradoxically, for many inhabitants of developing countries, corruption becomes the only way to survive.

It is commonly claimed that the highest levels of corruption are found in poor countries (Doh et al., 2003; Habib & Zurawicki, 2002; Wei, 2000). Accordingly, what would be the sources of corruption in such countries as Italy, Greece, or Hungary, which are some of the poorer European states? There are multiple aspects that determine the level of corruption in the given country or region. These include, for example, the level of economic development, food safety, availability and distribution methods of public goods, the prevailing political system, cultural factors, as well as the personal motivation of those receiving or offering bribes.

Therefore, the main objective of this chapter is to explore the economic and social characteristics of European countries showing different levels of corruption and identify relationships between the level of corruption and other relevant economic and social indicators. The chapter is organized as follows: the subsequent section introduces the ensuing time series analysis and the multidimensional comparative analysis applied to 29 countries. Further sections present the countries under study from the perspective of, respectively, the corruption perceptions index (CPI), the atmosphere for investment, the KOF globalization index, the economic situation as measured by GDP per capita, and the social situation expressed with the human development index. Finally, the results of a multidimensional comparative analysis using the method of cluster analysis are presented and discussed. The final section summarizes the chapter.

10.2 Corruption in European countries

This chapter presents the findings of the multidimensional comparative analysis carried out on 29 European (European Union and other Western European) countries. The purpose of the analysis is to classify these countries in terms of corruption levels and essential social, political and globalization factors that may be affected by that level, as well as to determine the relationships between the abovementioned aspects. The following tested variables were considered: var1 – corruption perceptions index (CPI); var2 – time to start business (days); var3 – total tax rate (percent of corporate profits); var4 – net FDI inflows as a percent of GDP; var5 – KOF index of globalization; var6 – GDP per capita in US$; and finally, var7 – human development index (HDI). The CPI is employed as a representation of corruption present

in the given countries. The time needed to start a business, and the total tax rate are used as proxies for the investment climate in these countries. The inflow of FDI shows how the level of corruption and the investment climate translate into the acquisition of foreign capital and setting up relations with other countries. The KOF globalization index is a comprehensive measure that defines the degree of globalization of the given economy (economic, social, and political dimension). GDP per capita helps determine the economic condition of the given country, and the HDI illustrates its social situation. This chapter further employs the analysis of the time series of the indices specified above during the period from 1999 to 2013.

Table 10.1 presents a symmetrical matrix of the correlations of the diagnostic variables. The Pearson correlation coefficient (r) was used to measure correlations. The statistical data used in the analysis was for 2013.

The diagnostic variables correlation analysis shows that several pairs of variables (var1–var6, var1–var7, var5–var7, var6–var7) show relatively strong (r-value > 0.5) positive correlation. However, this is only the case for 4 out of 21 pairs of variables. Also, none of the variables is strongly correlated with the majority of the remaining variables (i.e., with four or more variables). The only var1 is strongly correlated with three other variables. Therefore, it was considered reasonable to carry out the multidimensional comparative analysis using all the above-specified variables.

The time series analysis and the multidimensional comparative analysis applied to 29 countries: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Lithuania, Latvia, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom. Malta was disregarded because of the lack of available data.

Table 10.1 Correlation matrix of variables

	var1	*var2*	*var3*	*var4*	*var5*	*var6*	*var7*
var1	1.00	–0.12	–0.22	0.12	0.49	0.75	0.78
var2	–0.12	1.00	0.01	0.14	0.02	0.02	–0.08
var3	–0.22	0.01	1.00	–0.42	0.10	–0.24	–0.01
var4	0.12	0.14	–0.42	1.00	0.15	0.46	0.07
var5	0.49	0.02	0.10	0.15	1.00	0.43	0.52
var6	0.75	0.02	–0.24	0.46	0.43	1.00	0.78
var7	0.78	–0.08	–0.01	0.07	0.52	0.78	1.00

Source: UN (1999–2013); World Bank (1999–2013); TI (1999–2013); KOF Swiss Economic Institute (1999–2013).

Key
var1 – CPI; var2 – time to start business (days); var3 – total tax rate (% of corporate profits); var4 – net FDI inflows as a % of GDP; var5 – KOF index of globalization; var6 – GDP per capita in USD; var7 – HDI.

10.3 Employment of the corruption perceptions index

In 2013, the CPI among the countries under observation ranged from 4.0 (Greece, ranking eightieth in the world list) to 9.1 (Denmark, ranking 1st in the world list). This yields a difference of as many as five points (in a ten-point scale) between the least and the most corrupted European country. This difference is similar each year. During the period under examination (1999–2013), the difference for the CPI scores for the countries in question ranged from 5.1 to 7.1 points. The magnitude of this spread is somewhat surprising given that Europe is a relatively uniform continent (compared to the rest of the world) in economic, social, political and cultural terms. Throughout the period under investigation, corruption levels were found to be the lowest in Denmark, Finland and Sweden (the index was practically always above 9.0) while the occurrence of corruption was most prevalent in Romania, Bulgaria, and Greece. It should be noted that there have been significant decreases in the values of the index, especially since 2009. Changes in the CPI for the abovementioned countries from 1999–2013 are presented in Figure 10.1 below.

The data presented in Figure 10.1 corroborate the presence of significant differences in terms of corruption levels among the countries under observation. Scandinavian countries (Denmark, Sweden, and Finland) clearly constitute a single, least corrupted group, varying greatly from southeastern countries such as Bulgaria, Romania, or Greece.

Table 10.2 below presents the division of European countries into three groups by CPI score in 2013. The following division is proposed: strongly corrupted countries (index values below five inclusive), countries with medium corruption levels (index values below seven inclusive), and countries with relatively

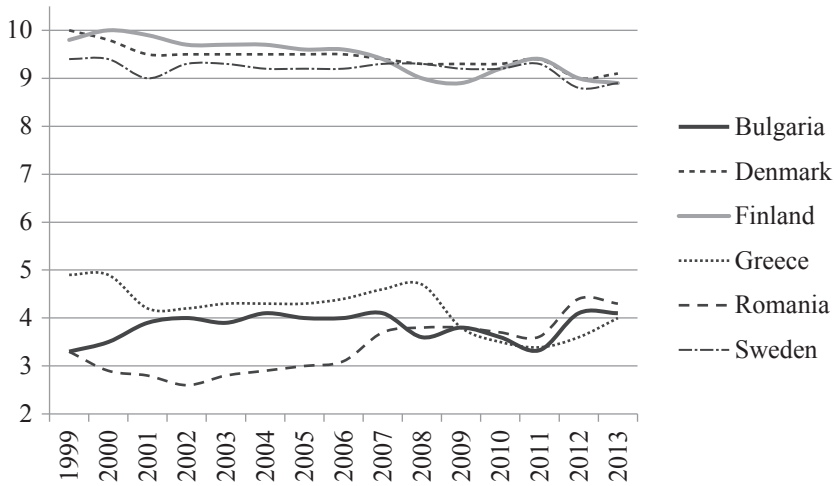

Figure 10.1 CPI for selected European countries, 1999–2013.

Source: TI, 1999–2013.

Table 10.2 Division of European countries by CPI in 2013

CPI: 0 to 5	*CPI: 5.1 to 7*	*CPI: 7.1 to 10*
Czech Republic, Slovakia, Italy, Romania, Bulgaria, Greece	Austria, Estonia, Cyprus, Portugal, Poland, Spain, Lithuania, Slovenia, Hungary, Latvia	Denmark, Finland, Sweden, Norway, Switzerland, Holland, Luxembourg, Germany, Island, UK, Belgium, Ireland, France

Source: TI, 2013.

low corruption (index values over seven). According to the data presented in Table 10.2, for more than 60 percent of the European countries, the level of CPI is relatively low and amounts to from 7.1 to 10 points. However, if the defined limit of low corruption were set at a more stringent CPI value of above 8 points, this range would only comprise 21 percent of the countries. Going one step further, assuming that the CPI should not fall under nine points for low corruption, the percentage of European countries meeting that requirement would decrease to just 3 percent; in other words, only Denmark would reach that threshold. One should not disregard those European countries where the level of corruption is excessive and unacceptable. These include six countries (21 percent of all the countries under observation). The above data represent a major diversity among European countries (EU member states or associated countries) in terms of corruption level.

10.4 Atmosphere for investment

The observed countries differ also in terms of prevailing atmosphere for investments. During the period from 2003 to 2013, the average time to start a business would range from five days in Iceland to 53 days in Spain. Yearly differences between the countries would be even higher, reaching 109 days in 2004 (5 days in Iceland versus 114 in Spain). However, attention should be paid to the progress that was recorded in the field under consideration and to facilitation measures introduced to business registration procedures. From 2003 to 2013, the number of days needed to start a business decreased, for instance, by as many as 91 days in Spain, 84 in Slovakia, 75 in Portugal, and 65 in Estonia.

Another factor that indicates the atmosphere for investments in the given country is the tax burden. Each year from 2005 to 2013, total tax rates (as a percentage of corporate profits) were lowest in Luxembourg and highest in Italy (as much as 71 percent). The level of stability in terms of tax burdens was highest during the period in question in France, Ireland and Norway (coefficient of variation under 0.5 percent and difference between the highest and lowest tax rate under 0.6 percentage points). In Bulgaria, Spain and Estonia, a major instability was recorded in this respect (coefficient of variation at 20 percent, 12 percent, and 17 percent, respectively, and the difference

between the maximum and minimum rate at 18, 23, and 18 percentage points respectively).

10.5 Foreign direct investments inflow

A low level of corruption as well as an encouraging atmosphere for investments (i.e., a short time to open a business and low tax rates) should support the inflow of FDI to a given economy. Conversely, a high level of corruption and a discouraging atmosphere for investment is expected to stymie the inflow of FDI to a particular country. For the countries under observation, this assumption is only partially confirmed. In Denmark, Finland, and Sweden, countries with the lowest corruption levels, FDI inflow from 1999 to 2013 represented 3.4 percent, 3.1 percent, and 5.4 percent of GDP, respectively. This is relatively little if the above values are compared with the highest values across Europe: 27.1 percent in Luxembourg, 16.4 percent in Ireland, 13.2 percent in Belgium, 10.6 percent in Bulgaria, or 10.2 percent in Hungary. For Luxembourg, such a high inflow of long-term foreign capital may be due to the lowest tax rate in Europe, which was mentioned previously. Ireland had the second lowest tax rate in Europe, and the value of that index was highly stable throughout the period of observation (25.7 percent in 2013 and 25.4 percent from 2005 to 2013).

The atmosphere for investments strongly improved in Belgium recently. From 1999 to 2013, this country had the second-highest CPI increase in Europe (2.3 percentage points) as well as a major decrease of time needed to start a new business (from 56 days in 2003 down to 4 days in 2013). Paradoxically, Bulgaria is among the European countries with the highest corruption levels and generally poor atmosphere for investments. Significant inflow of capital would reach very high values there only periodically, between 2003 and 2007, that is, shortly before the recent economic and financial crisis. In Hungary, strong inflow of FDI occurred across a limited period, between 2007 and 2008. Countries with the lowest average percentage of FDI as a percentage of GDP are Greece (0.8 percent), a country with a high level of corruption, and Italy (0.9 percent), a country noted for the highest taxes in Europe and relatively high levels of corruption. Many European countries are characterized by quite significant instability in terms of long-term foreign capital inflow. Denmark, Austria, and Hungary are mainly characterized by high coefficients of variability (175–186 percent). Significant differences between the highest and the lowest value of FDI inflow during the period from 1999 to 2013 are characteristic of Luxembourg, Hungary, and Belgium (131, 68 and 43 percentage points).

All of the above data indicate that a low level of corruption and a good atmosphere for investment often have a reinforcing effect on the inflow of FDI to the given country; however, there are still many other factors that can reverse or slow down the action of the specified factors. Changes of FDI inflow (as a percent of GDP) for selected European countries between 1999 and 2013 are presented in Figure 10.2.

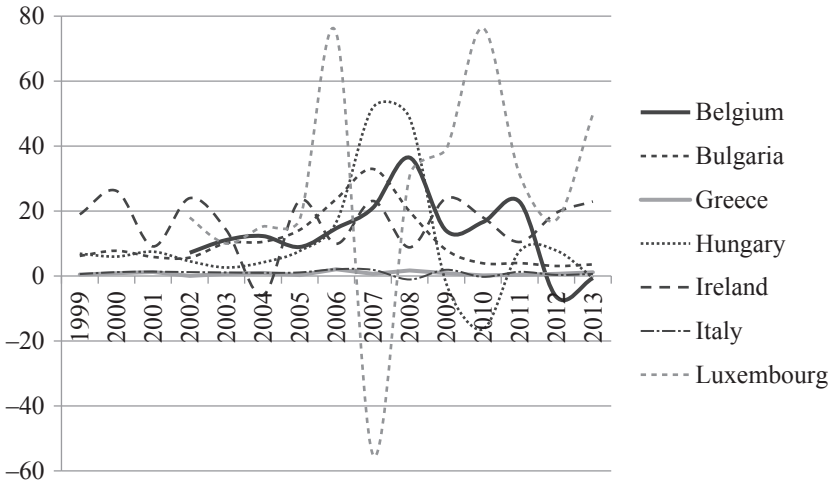

Figure 10.2 FDI inflow (as % of GDP) in selected European countries.
Source: WDI database.

10.6 KOF globalization index

The most globalized European country, according to the KOF index is Belgium with 91 points out of 100 on average from 1999 to 2013. The Netherlands and Austria also received over 90 points. The least globalized country, on the other hand, is Latvia (63 points on average). Bulgaria, Lithuania, and Romania received less than 70 points. Based on the available data, one may say that countries with a low level of corruption are generally more integrated into the concept of globalization than are highly corrupted countries. This would corroborate the impact of corruption (or lack of it) in the given economy on such aspects as its international relations.

10.7 Economic situation – GDP per capita

A similar relationship can be noticed between the level of corruption and values of GDP per capita. The countries with the highest GDP per capita (as an average from 1999 to 2013) are as follows: Luxembourg (over US$83,000), Norway (over US$69,000) and Switzerland (US$57,000). These countries show a relatively low level of corruption measured by the CPI and the high level of globalization. On the other hand, the countries with the lowest GDP per capita include Bulgaria (US$4,500), Romania (US$5,700), Latvia (US$9,100) and Lithuania (US$9,200). The countries with the lowest GDP per capita are further characterized by high values of coefficients of variability (over 50 percent), which is a sign of high diversity of their incomes during the

period from 1999 to 2013. The poorest countries also recorded a major growth of GDP per capita in 2013 as compared to 1999; for example, there was a five-fold growth in Latvia and sixfold increase in Romania. Attention should also be paid to a single characteristic of GDP per capita changes in the countries discussed: regardless of the level of corruption or globalization, from 2008 to 2010, as a result of the economic and financial crisis, almost all countries recorded a smaller or larger decrease of this index.

10.8 Social situation – human development index

European countries are the least diversified in terms of the HDI, which should represent the social situation of the given country. The HDI assigns values from 0 (low level of social development) to 1 (highest level of social development), and from 1999 to 2013, all European countries exceeded the value of 0.7, which automatically groups them as countries with a high level of social development. During the observation period, this factor would vary on average from 0.77 (Bulgaria, Romania) to 0.94 (Norway). Generally, countries with a low level of corruption, better atmosphere for investments, higher globalization, and GDP per capita are at the same time characterized by higher values of HDI. All European countries would show the most significant growth of the HDI from 2000 to 2004, followed by a slight decrease during 2004 and 2005. Since then, the HDI has been systematically growing in the countries under observation, albeit very slowly.

10.9 Multidimensional comparative analysis – cluster analysis

A multidimensional comparative analysis was conducted on the abovementioned countries a total of ten times. The first analysis was carried out with consideration of two features – CPI and atmosphere for investment (that is to say, the time to start a business and total tax rate). In the second analysis, a third feature was added, namely FDI inflow. The third analysis was extended to include the KOF globalization index; the fourth included GDP per capita; and the HDI was added in the fifth analysis. Before commencing the analysis, the diagnostic data underwent the necessary transformation – stimulation (only in the case of data concerning the atmosphere for investment) and standardization, unitarization and quotient transformation (see Panek, 2009, pp. 35–41). All data referred to 2013. At the outset of every analysis, Ward's method was used to determine the optimum number of clusters. For further analyses, these values were as follows: for the first pass: 2; second pass: 5; third pass: 2; fourth pass: 6; fifth pass: 6. The average number of clusters is four. Therefore, every analysis was repeated twice: for the optimum number of clusters, and for four clusters, respectively. A multidimensional comparative analysis was conducted using k-means method (see Panek, 2009, pp. 129–139). The results of the analyses are presented in Tables 10.3 to 10.8.

Table 10.3 Multidimensional comparative analysis of corruption in Europe – breakdown in clusters

Analysis no.	*Number of clusters*	*Cluster 1*	*Cluster 2*	*Cluster 3*	*Cluster 4*	*Cluster 5*	*Cluster 6*
I	2	Belgium, Denmark, Estonia, France, Hungary, Iceland, Italy, Lithuania, Holland, Norway, Portugal, Slovenia	Austria, Bulgaria, Cyprus, Czech Republic, Finland, Germany, Greece, Ireland, Latvia, Luxembourg, Poland, Romania, Slovakia, Spain, Sweden, Switzerland, Great Britain	–	–	–	–
	4	Belgium, Iceland, Holland, Portugal	Bulgaria, Cyprus, Denmark, Ireland, Luxembourg, Switzerland	Austria, Czech Republic, Finland, Germany, Greece, Latvia, Poland, Slovakia, Spain, Sweden, Great Britain	Estonia, France, Hungary, Italy, Lithuania, Norway, Romania, Slovenia	–	–
II	5	Cyprus, Denmark, Iceland, Slovenia	Finland, Germany, Norway, Sweden, Switzerland, Great Britain	Austria, Bulgaria, Czech Republic, Greece, Latvia, Poland, Romania, Slovakia, Spain	Belgium, Estonia, France, Hungary, Italy, Lithuania, Holland, Portugal	Ireland, Luxembourg	–
	4	Ireland, Luxembourg	Cyprus, Denmark, Finland, Norway, Slovenia, Sweden, Switzerland, Great Britain	Austria, Bulgaria, Czech Republic, Estonia, France, Germany, Greece, Italy, Lithuania, Latvia, Poland, Romania, Slovakia, Spain	Belgium, Hungary, Iceland, Holland, Portugal	–	–

continued

Table 10.3 continued

Analysis no.	*Number of clusters*	*Cluster 1*	*Cluster 2*	*Cluster 3*	*Cluster 4*	*Cluster 5*	*Cluster 6*
III	2	Ireland, Luxembourg	Cyprus, Denmark, Finland, Norway, Slovenia, Sweden, Switzerland, Great Britain, Austria, Bulgaria, Czech Republic, Estonia, France, Germany, Greece, Italy, Lithuania, Latvia, Poland, Romania, Slovakia, Spain, Belgium, Hungary, Iceland, Holland, Portugal	–	–	–	–
	4	Ireland, Luxembourg	Austria, Finland, France, Germany, Norway, Poland, Spain, Sweden, Switzerland, Great Britain	Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Italy, Lithuania, Latvia, Romania, Slovakia, Slovenia	Belgium, Denmark, Hungary, Iceland, Holland, Portugal	–	–

continued

Table 10.3 continued

Analysis no.	*Number of clusters*	*Cluster 1*	*Cluster 2*	*Cluster 3*	*Cluster 4*	*Cluster 5*	*Cluster 6*
IV	6	Austria, Finland, France, Germany, Spain, Sweden, Great Britain	Ireland	Bulgaria, Czech Republic, Estonia, Greece, Hungary, Italy, Lithuania, Latvia, Poland, Romania, Slovakia, Slovenia	Cyprus, Denmark, Iceland, Norway, Switzerland	Belgium, Holland, Portugal	Luxembourg
	4	Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Italy, Lithuania. Latvia, Poland, Romania, Slovakia, Slovenia, Spain	Ireland, Luxembourg	Belgium, Iceland, Holland, Portugal	Austria, Denmark, Finland, France, Germany, Norway, Sweden, Switzerland, Great Britain	–	–
V	6	Austria, Finland, Germany, Norway, Sweden, Switzerland, Great Britain	Cyprus, Denmark, Iceland, Ireland, The Netherlands	Bulgaria, Czech Republic, Greece, Latvia, Poland, Romania, Slovakia, Spain	Belgium, Estonia, France, Hungary, Italy, Lithuania, Slovenia	Portugal	Luxembourg
	4	Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Lithuania, Latvia, Poland, Romania, Slovakia, Slovenia, Spain	Ireland, Luxembourg	Belgium, France, Hungary, Iceland, Italy, Holland, Portugal	Austria, Denmark, Finland, Germany, Norway, Sweden, Switzerland, Great Britain	–	–

Source: UN (1999–2013); World Bank (1999–2013); TI (1999–2013); KOF Swiss Economic Institute (1999–2013)

Table 10.4 Means, standard deviations, and coefficients of variation of particular characteristics and distance from the cluster center for Analysis I

Analysis no. and number of clusters		*I2*		*I4*			
Cluster no.		*1*	*2*	*1*	*2*	*3*	*4*
var1	M	1.10	0.93	1.32	1.22	0.93	0.76
	SD	0.56	0.65	0.34	0.69	0.65	0.56
	V	0.51	0.70	0.26	0.56	0.70	0.74
var2	M	1.87	0.39	2.71	0.68	0.29	1.36
	SD	0.79	0.28	0.88	0.56	0.18	0.26
	V	0.42	0.72	0.32	0.82	0.62	0.19
var3	M	0.79	1.15	0.89	2.25	0.66	0.58
	SD	0.63	0.86	0.60	0.49	0.35	0.46
	V	0.80	0.75	0.67	0.22	0.53	0.79
Max distance		1.25	1.14	0.81	0.76	0.57	0.60
Min distance		0.37	0.26	0.27	0.06	0.21	0.11

Source: UN (1999–2013); World Bank (1999–2013); TI (1999–2013); KOF Swiss Economic Institute (1999–2013)

Key
M – arithmetic mean for a given characteristic; SD – standard deviation for a given characteristic; V – coefficient of variation for a given characteristic; Max distance – maximal distance from the centre of the appropriate cluster; Min distance – minimal distance from the centre of the appropriate cluster.

Table 10.5 Means, standard deviations, and coefficients of variation of particular characteristics and distance from the cluster center for Analysis II

Analysis no. and number of clusters		*II 5*					*II 4*			
Cluster no.		*1*	*2*	*3*	*4*	*5*	*1*	*2*	*3*	*4*
var1	M	1.23	1.68	0.42	0.92	1.38	1.38	1.51	0.59	1.16
	SD	0.59	0.21	0.38	0.49	0.22	0.22	0.50	0.48	0.46
	V	0.48	0.13	0.90	0.53	0.16	0.16	0.33	0.81	0.40
var2	M	1.54	0.52	0.30	2.00	0.48	0.48	0.85	0.61	2.54
	SD	0.44	0.35	0.28	0.93	0.36	0.36	0.54	0.54	0.86
	V	0.29	0.67	0.93	0.47	0.75	0.75	0.64	0.89	0.34
var3	M	1.93	0.94	0.76	0.44	2.59	2.59	1.41	0.61	0.80
	SD	0.54	0.52	0.51	0.35	0.61	0.61	0.73	0.49	0.56
	V	0.28	0.55	0.67	0.80	0.24	0.24	0.52	0.80	0.70

continued

Table 10.5 continued

Analysis no. and number of clusters		*II 5*					*II 4*			
Cluster no.		*1*	*2*	*3*	*4*	*5*	*1*	*2*	*3*	*4*
var4	M	0.56	0.30	0.74	0.63	6.64	6.64	0.35	0.69	0.66
	SD	0.29	0.25	0.24	0.34	3.28	3.28	0.27	0.24	0.38
	V	0.52	0.83	0.32	0.54	0.49	0.49	0.77	0.35	0.58
Max distance		0.50	0.43	0.61	1.04	1.19	1.19	0.75	0.74	0.78
Min distance		0.33	0.19	0.14	0.36	1.19	1.19	0.24	0.25	0.33

Source: UN (1999–2013); World Bank (1999–2013); TI (1999–2013); KOF Swiss Economic Institute (1999–2013).

Key
M – arithmetic mean for a given characteristic; SD – standard deviation for a given characteristic;
V – coefficient of variation for a given characteristic; Max distance – maximal distance from the centre of the appropriate cluster; Min distance – minimal distance from the centre of the appropriate cluster.

Table 10.6 Means, standard deviations, and coefficients of variation of particular characteristics and distance from the cluster center for Analysis III

Analysis no. and number of clusters		*III 2*		*III 4*			
Cluster no.		*1*	*2*	*1*	*2*	*3*	*4*
var1	M	1.38	0.97	1.38	1.39	0.42	1.30
	SD	0.22	0.62	0.22	0.43	0.36	0.52
	V	0.16	0.64	0.16	0.31	0.86	0.40
var2	M	0.48	1.04	0.48	0.46	0.83	2.38
	SD	0.36	0.94	0.36	0.45	0.52	0.85
	V	0.75	0.90	0.75	0.98	0.63	0.36
var3	M	2.59	0.88	2.59	0.70	0.98	1.00
	SD	0.61	0.66	0.61	0.53	0.76	0.70
	V	0.24	0.75	0.24	0.76	0.78	0.70
var4	M	6.64	0.58	6.64	0.43	0.70	0.62
	SD	3.28	0.31	3.28	0.33	0.23	0.36
	V	0.49	0.53	0.49	0.77	0.33	0.58
var5	M	1.43	0.97	1.43	1.14	0.65	1.27
	SD	0.39	0.47	0.39	0.26	0.43	0.51
	V	0.27	0.48	0.27	0.23	0.66	0.40

continued

Table 10.6 continued

Analysis no. and number of clusters	*III 2*		*III 4*			
Cluster no.	*1*	*2*	*1*	*2*	*3*	*4*
Max distance	1.07	1.36	1.07	0.53	0.83	0.78
Min distance	1.07	0.31	1.07	0.21	0.24	0.30

Source: UN (1999–2013); World Bank (1999–2013); TI (1999–2013); KOF Swiss Economic Institute (1999–2013)

Key
M – arithmetic mean for a given characteristic; SD – standard deviation for a given characteristic;
V – coefficient of variation for a given characteristic; Max distance – maximal distance from the centre of the appropriate cluster; Min distance – minimal distance from the centre of the appropriate cluster.

Table 10.7 Means, standard deviations, and coefficients of variation of particular characteristics and distance from the cluster center for Analysis IV

Analysis no. and number of clusters		*IV 6*						*IV 4*			
Cluster no.		*1*	*2*	*3*	*4*	*5*	*6*	*1*	*2*	*3*	*4*
var1	M	1.37	1.22	0.42	1.55	1.28	1.53	0.47	1.38	1.32	1.59
	SD	0.41	0.00	0.33	0.42	0.41	0.00	0.34	0.22	0.34	0.31
	V	0.30	0.00	0.79	0.27	0.32	0.00	0.72	0.16	0.26	0.19
var2	M	0.45	0.73	0.83	1.23	2.93	0.23	0.79	0.48	2.71	0.68
	SD	0.42	0.00	0.63	0.69	0.95	0.00	0.61	0.36	0.88	0.55
	V	0.93	0.00	0.76	0.56	0.32	0.00	0.77	0.75	0.32	0.81
var3	M	0.51	2.16	0.78	1.78	0.63	3.02	0.87	2.59	0.89	0.89
	SD	0.44	0.00	0.50	0.65	0.38	0.00	0.71	0.61	0.60	0.67
	V	0.86	0.00	0.64	0.37	0.60	0.00	0.82	0.24	0.67	0.75
var4	M	0.52	4.32	0.61	0.49	0.76	8.96	0.65	6.64	0.76	0.40
	SD	0.35	0.00	0.28	0.30	0.44	0.00	0.28	3.28	0.36	0.29
	V	0.67	0.00	0.46	0.61	0.58	0.00	0.43	0.49	0.47	0.73
var5	M	1.17	1.71	0.66	1.05	1.56	1.16	0.74	1.43	1.24	1.20
	SD	0.26	0.00	0.42	0.44	0.18	0.00	0.43	0.39	0.65	0.25
	V	0.22	0.00	0.64	0.42	0.12	0.00	0.58	0.27	0.52	0.21
var5	M	1.20	1.31	0.33	1.79	1.00	3.38	0.37	2.35	1.06	1.65
	SD	0.29	0.00	0.23	0.96	0.48	0.00	0.24	1.47	0.41	0.66
	V	0.24	0.00	0.70	0.54	0.48	0.00	0.65	0.63	0.39	0.40

continued

Table 10.7 continued

Analysis no. and number of clusters	*IV 6*						*IV 4*			
Cluster no.	*1*	*2*	*3*	*4*	*5*	*6*	*1*	*2*	*3*	*4*
Max distance	0.42	–	0.61	0.69	0.55	–	0.79	1.06	0.63	0.62
Min distance	0.17	–	0.23	0.28	0.35	–	0.27	1.06	0.30	0.27

Source: UN (1999–2013); World Bank (1999–2013); TI (1999–2013); KOF Swiss Economic Institute (1999–2013)

Key
M – arithmetic mean for a given characteristic; SD – standard deviation for a given characteristic;
V – coefficient of variation for a given characteristic; Max distance – maximal distance from the centre of the appropriate cluster; Min distance – minimal distance from the centre of the appropriate cluster.

Table 10.8 Means, standard deviations, and coefficients of variation of particular characteristics and distance from the cluster center for Analysis V

Analysis no. an number of clusters		*V 6*						*V 4*			
Cluster no.		*1*	*2*	*3*	*4*	*5*	*6*	*1*	*2*	*3*	*4*
var1	M	1.60	1.43	0.34	0.79	0.84	1.53	0.50	1.38	1.02	1.64
	SD	0.29	0.41	0.30	0.43	0.00	0.00	0.35	0.22	0.55	0.30
	V	0.18	0.29	0.88	0.54	0.00	0.00	0.70	0.16	0.54	0.18
var2	M	0.46	1.56	0.33	1.58	4.02	0.23	0.64	0.48	2.21	0.60
	SD	0.36	0.69	0.29	0.39	0.00	0.00	0.53	0.36	0.90	0.53
	V	0.78	0.44	0.88	0.25	0.00	0.00	0.83	0.75	0.41	0.88
var3	M	0.86	1.88	0.81	0.47	0.77	3.02	0.98	2.59	0.58	1.00
	SD	0.52	0.64	0.52	0.49	0.00	0.00	0.71	0.61	0.60	0.63
	V	0.60	0.34	0.64	1.04	0.00	0.00	0.72	0.24	1.03	0.63
var4	M	0.39	1.48	0.72	0.45	0.97	8.96	0.70	6.64	0.59	0.40
	SD	0.33	1.60	0.25	0.28	0.00	0.00	0.27	3.28	0.33	0.31
	V	0.85	1.08	0.35	0.62	0.00	0.00	0.39	0.49	0.56	0.78
var5	M	1.20	1.25	0.68	0.91	1.35	1.16	0.68	1.43	1.16	1.22
	SD	0.27	0.57	0.46	0.48	0.00	0.00	0.43	0.39	0.49	0.26
	V	0.23	0.46	0.68	0.53	0.00	0.00	0.63	0.27	0.42	0.21

continued

Table 10.8 continued

Analysis no. an number of clusters		*V 6*						*V 4*			
Cluster no.		*1*	*2*	*3*	*4*	*5*	*6*	*1*	*2*	*3*	*4*
var6	M	1.72	1.22	0.30	0.65	0.45	3.38	0.35	2.35	0.92	1.71
	SD	0.73	0.40	0.23	0.42	0.00	0.00	0.20	1.47	0.44	0.68
	V	0.42	0.33	0.77	0.65	0.00	0.00	0.57	0.63	0.48	0.40
var7	M	1.42	1.28	0.57	0.91	0.51	1.17	0.65	1.28	1.04	1.42
	SD	0.26	0.30	0.39	0.30	0.00	0.00	0.34	0.14	0.41	0.24
	V	0.18	0.23	0.68	0.33	0.00	0.00	0.52	0.11	0.39	0.17
Max distance		0.61	1.14	0.54	0.54	–	–	0.71	0.99	0.76	0.59
Min distance		0.24	0.48	0.19	0.29	–	–	0.27	0.99	0.33	0.30

Source: UN (1999–2013); World Bank (1999–2013); TI (1999–2013); KOF Swiss Economic Institute (1999–2013)

Key
M – arithmetic mean for a given characteristic; SD – standard deviation for a given characteristic; V – coefficient of variation for a given characteristic; Max distance – maximal distance from the centre of the appropriate cluster; Min distance – minimal distance from the centre of the appropriate cluster.

The results of analyses presented in Tables 10.3 to 10.8 indicate that the more characteristics are considered while identifying similar groups, the higher, in general, was the number of optimal clusters. Thus, it can be concluded that in a complex manner (considering many different characteristics related to the level of corruption, investment climate, FDI inflows, globalization level, economic and social situation), European countries differ among each other more than in the case of smaller numbers of characteristics or single characteristics.

The higher the number of characteristics which an analysis referred to, the more frequently did one-element clusters appear, that is to say, countries were significantly different from others. Such a European country is undoubtedly Luxembourg; in ten different analyses, it was classified twice as a one-element cluster, and it found itself in a two-element cluster (next to Ireland) six times. Also, Ireland and Portugal each appeared in a one-element cluster once. Accordingly, Ireland also diverges significantly from the rest of Europe in terms of economic-social characteristics. Its profile is the most similar to that of Luxembourg. These countries found themselves in a common two-element group even in analysis III, when five characteristics were taken into account, and merely two optimal clusters were found. This fact reflects the different character of Luxembourg and Ireland from the remainder of European countries. As mentioned before, these countries display a relatively low level of corruption (the

average CPI for the period from 1999 to 2013 is 8.5 points and 7.5 points out of 10, respectively), a good investment climate (particularly in terms of taxation, where the average tax rate amounts to 20 percent – the lowest rate in Europe – and 25 percent of corporate profits respectively), a high ratio of FDI inflows to GDP (on average 27 percent and 16 percent of GDP, respectively), relatively high values of the globalization index KOF (82 points and 87 points out of 100, respectively), a high GDP per capita (US$83,000 and over US$43,000 respectively), as well as a relatively high value of the HDI index (0.88 and 0.90 respectively). It is worth noting that Luxembourg, in terms of three out of seven analyzed characteristics, scores the most favorable (highest or lowest values) in Europe (tax rate, FDI inflows, GDP per capita).

Portugal, Cyprus, and Bulgaria were among the countries differing the most significantly from the average values of the groups to which they have been assigned. Out of 41 created clusters, Portugal reached the maximal distance from the centre of its cluster nine times. In the case of Cyprus, this situation took place six times, and in the case of Bulgaria, it happened five times.

Bulgaria turns out to be one of the least developed countries in Europe. In the years 1999 to 2013, it showed the highest level of corruption in the whole continent, as well as the lower values of GDP per capita and the HDI index. The investment climate, though, is quite encouraging for investors, all the more so that its tax rate was significantly reduced between the years 2005 and 2013 (27.7 percent of corporate profits in 2013, which was the fourth lowest tax rate in Europe). Arguably due to this fact, Bulgaria found itself in the 4th position in Europe in terms of FDI inflows (10.6 percent of GDP in the period between 1999 and 2013). What is interesting, however, is that the values of this indicator exceeding 10 percent relate only to the period between 2003 and 2008 (a maximum of 33 percent of GDP in 2007). After 2009, FDI inflows decreased to merely about 3 percent to 4 percent of GDP. The values of the KOF index suggest that it is one of the least globalized countries of Europe.

Cyprus and Portugal also have a relatively good investment climate. In 2013, the registration of a business in Portugal took only 2.5 days (lowest value in Europe). At the same time, the tax rate in Cyprus remained at the level of 22.5 percent of corporate profits (second lowest value in Europe, only behind Luxembourg, a position it has maintained since 2008). Neither of these two countries, however, can boast particularly high FDI inflows (in the period from 1999 to 2013, it was on average 7.3 percent of GDP in Cyprus and 3.5 percent of GDP in Portugal). Both countries show a high level of globalization and social development (KOF index above 86 points and an HDI index above 0.82 in 2013), as well as a moderate GDP per capita value (US$25,000 in Cyprus and US$21,000 in Portugal in 2013).

The country that was the closest to average values for its group is The Netherlands. In 41 cases, there were five occasions when its distance from the centre of the corresponding cluster was the smallest among all countries assigned to the cluster. Also, Estonia and Slovakia are countries that reflect the characteristic features of their clusters relatively well (three occasions

when the distance from the center of the corresponding cluster was the smallest). Moreover, it should be underlined that the addition of new variables to the multidimensional comparative analysis distorted the original allocation of countries into low, medium, and high corruption (in terms of CPI in 2013) (see Table 10.2). Although in the case of five out of ten analyses the countries with the highest corruption level, that is, Greece, Bulgaria, Romania, Italy, Slovakia, and the Czech Republic, were placed in one group, they were accompanied by other European countries displaying far lower corruption levels. In four further analyses, the most corrupt countries – with the exception of Italy – were classified in one group (with other countries). The allocation in terms of corruption levels has been distorted to the largest extent in the first analysis (three variables: var1–var3, four clusters). The countries showing the highest corruption level were classified into three different groups in this case.

10.10 Conclusion

Corruption negatively affects the economies of specific countries for a variety of reasons. Taking into account that corruption frequently leads to a substantial wealth of certain individuals and institutions, not all countries are equally interested in its elimination or reduction. The example of European countries indicates that the level of corruption as measured by the CPI may be high not only in the poorest countries of the world, as it is frequently believed, but also among European countries (Cockcroft, 2012; Montinola & Jackman, 2002; Emerson, 2002). It is not always the case that a low corruption level and a favorable investment climate automatically translate into a significant level of foreign direct investment inflows. Nonetheless, the results confirm that a low level of corruption is usually related to a high globalization level of a given country, as well as its stable economic and social situation.

Several repetitions of the multidimensional comparative analysis with the inclusion of characteristics reflecting the most important aspects of the functioning of specific European economies led to the conclusion that European countries differ among each other more on the whole than if only single characteristics are taken into account. In the case of inclusion of a higher number of characteristics, countries appear that diverge from others to such an extent that they are classified as clusters with one or two elements. Subsequent divisions of the analyzed countries, with the addition of new characteristics in each instance, do not reflect the original division of European countries into those with a low, medium or high level of corruption.

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Part II

E The Americas

11 Corruption in Canada

An emerging culture of entitlement threatens good governance

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11.1 Introduction

Paradoxically, when thinking about corruption, the Canadian case evokes both positive and negative connotations. Consider that each year the World Bank, under its fraud and corruption policies, blacklists companies from bidding on global projects. Before 2013, only two Canadian companies were on that list. However, as a result of misconduct relating to the Padma Bridge project in Bangladesh, SNC-Lavalin, and 114 of its affiliated companies were blacklisted that year (Ligaya, 2013). On the one hand, therefore, largely as a result of the business practices of one corporation, SNC-Lavalin, a Montreal-based engineering and construction firm, and its numerous affiliates, Canada has the dubious distinction of being home to the largest number of corrupt companies in the world, surpassing both the United States and Indonesia. On the other hand, however, Canada is perennially identified as a low-corruption country; in fact, it is regarded as one of the least corrupt countries in the world.

In that regard, Canadian values and political culture along with a variety of legal and institutional mechanisms all seemingly foster an ethical governance framework. Nonetheless, Canada has a substantial history of scandal and corruption despite these various safeguards for keeping it at bay. More troubling is the fact that in recent years the country has been plagued with several serious ethical deficiencies at all levels of government, which have severely compromised the confidence and trust that Canadians have in their politicians and the broader system of government. Therefore, as the past two decades have demonstrated, the quest for integrity in Canadian political life has not remained elusive simply because "the infrastructure needed to support honest politics is … either partly built, neglected or non-existent" (Greene & Shugarman, 1997, p. 194). Canadian governments have implemented various reforms – from codes of conduct for both politicians and public servants to whistleblower protection to ethics commissioners to anti-corruption legislation – yet corruption still persists in Canada. This is part of the problem of what Samson (2010, p. 262) has called the anti-corruption industry that has emerged, namely "its ongoing expansion at the same time as so few anti-corruption programmes reduce corruption." Why is it the case that corruption endures when there is so much

anti-corruption rhetoric emanating from national governments and international organizations, and so many resources have been dedicated to the implementation of various policies, regulations, initiatives (e.g., ombudsmen, integrity commissioners, auditors general, anti-corruption agencies) and monitoring activities to enhance integrity and promote good governance? Moreover, is it reasonable to think that the eradication of corruption is feasible?

As will be argued in this chapter, therefore, the typical strategy of inquiry, sanctions, and administrative reform, an approach employed with great zeal in Canada, is insufficient for eliminating the scourge of corruption. The reality is that corruption is intractable; as long as there is human agency – that is to say individuals with the power and opportunity to engage in malfeasance – corruption will persist. In Canada, the emergence of a culture of entitlement amongst the political class, to which no politician is immune, underscores the problem. Another reason why corruption endures is that our understanding of the phenomenon evolves continuously depending on time and context. This is the reality of low-corruption countries like Canada and even more so in states where corruption is systemic. In these latter instances, rooting out corruption will be an even greater challenge. In all situations, the fight against corruption requires ethical, political leaders who are completely dedicated to the cause. In the final analysis, although it is inconceivable that corruption will ever be vanquished, good governance demands that political and administrative corruption be contained and reduced to the greatest extent possible.

The chapter begins by assessing whether it is conceivable to reduce if not eliminate corruption; it then discusses the types of legal and institutional frameworks that are often introduced as a means of preventing corruption. Finally, the chapter examines Canada, one of the least corrupt countries in the world, as a means of demonstrating that despite its various institutional arrangements and largely positive reputation as a state relatively free from corruption, the country is rife with examples of ethical lapses and a growing culture of entitlement, particularly among the political elite.

11.2 Is it feasible to root out corruption?

Like many concepts in the social sciences, deriving a common understanding or definition of the term "corruption" has been a challenge. Corruption can either be political or bureaucratic, systemic and pervasive, or relatively isolated and infrequent, and it can be both high-level and low-level in orientation (Caiden, 1997). Without delving into a conceptual debate that has been well trodden (Walton, 2015; Mungiu-Pippidi, 2015, pp. 10–17; Lagunes, 2012; Dwivedi & Mau, 2012; Andersson, 2008; Kurer, 2005), for the purpose of this chapter political corruption will be defined as "an act by a public official (or with the acquiescence of a public official) that violates legal or social norms for private or particularistic gain" (Gerring & Thacker, 2004, p. 300). This definition covers illegal acts, but it also applies to a range of phenomena, like pork-barrel legislation, rent seeking, and patronage, which are often legal but nonetheless

violate social norms and ultimately benefit particularistic interests. Moreover, as Mungiu-Pippidi (2015, p. 2) notes, "the term 'corruption' has grown to include all unaccountable public spending."

It is important to note that where there are multiple competing value systems or cultures in a society, corruption may be preferable to the alternative, which is force or conflict. In other words, as Huntington (1970, p. 495) argued, corruption may be "functional to the maintenance of a political system" because it "provides immediate, specific, and concrete benefits to groups which might otherwise be thoroughly alienated from society." Nonetheless, over the past three decades there has been a convergence of opinion, led by the many international organizations that became concerned with its corrosive effects, that corruption is "an abuse of power that counters society's best interests" (Lagunes, 2012, p. 804), which typically leads to a number of perceived evils, including waste and inefficiency (Fisman & Golden, 2017; Rose-Ackerman, 2006; Warren, 2006; Caiden, 1997) as well as arbitrariness and inequality in the distribution mechanism for money (or perhaps even the outright loss of foreign aid) and other resources (Bull & Newell, 2003), exclusion (Warren, 2006), and a host of other well-documented problems (Lagunes, 2012).

Many scholars who write about political and administrative corruption seemingly suggest that with the appropriate legal and institutional responses, it can be severely curtailed if not completely eradicated (Thompson, 2013; Bell, 2007; Jain, 2001; Quah, 1999). That similarly appears to be the intention of various international organizations that are concerned about the negative impacts of bribery and corruption. As Kofi Annan, former secretary-general of the UN, wrote in the forward to the United Nations Convention Against Corruption, "Be assured the United Nations Secretariat … will do whatever it can to support the efforts of States to eliminate the scourge of corruption from the face of the Earth" (UN, 2005, p. iv). Likewise, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, which was adopted in 1997, calls for the implementation of effective measures to "deter, *prevent* and combat the bribery of foreign public officials in connection with international business transactions" (OECD, 2011, p. 6. Emphasis is mine.).

While the desire to eliminate corruption in all its various insidious manifestations is certainly laudable, it is misguided to believe that this will ever be accomplished. As Caiden (2001, p. 228) laments: "Human beings are imperfect and weak, and they are manipulative, deceitful and gullible. Scarcity is exploitable; competition can be fixed, and people tend to look after their own interests first." Therefore, he concurs with Rose-Ackerman (1996, n.p.), who argued that "corruption can never be eliminated." Instead, what we are witnessing is what Lagunes (2012, p. 803) has called a "corruption eruption."

Corruption, therefore, despite the widespread concern over its existence and numerous measures to reduce and ideally eliminate its occurrence, persists as an issue of concern for states across the globe. Some scholars have suggested that one of the reasons for the persistence of corruption is the fact that it is

erroneously perceived as a principal-agent problem when, in fact, it is more properly understood as a collective action problem (Mungiu-Pippidi, 2015; 2013). This helps to explain why many of those countries riddled with corruption and have undertaken several anti-corruption reforms, "remain more or less as corrupt as before the anti-corruption reforms were initiated. In fact, in some countries ridden with widespread corruption, the problem even seems to have become *worse* along with the efforts to curb it" (Persson et al., 2013, p. 450. Emphasis in original). In other words, rules, monitoring, and sanctions are not sufficient; there must also be a shared expectation that other people can be trusted to be honest. There must be a shift from various forms of particularism, where those who benefit from the allocation of public resources are few, to a situation of ethical universalism. This necessitates shared values, such as fairness and honesty; a network of voluntary associations; an active and enlightened citizenry; and patterns for formal and informal collective action (Mungiu-Pippidi, 2013, chapter 6).

Moreover, as Persson et al. (2013) noted, in those instances where countries have successfully reduced corruption, there was a high-level commitment from the political elite, both in word and in deed, to serve as role models. High-level public officials, therefore, must go beyond anti-corruption rhetoric and demonstrate through their behavior that they will not tolerate corruption in any form. Persson et al. (2013, p. 466) concluded their article by arguing that researchers need to discover more about why some countries have been able to establish high-quality institutions – that is to say, "institutions that benefit the larger society."

11.3 Institutional constraints on corruption

As many of the chapters in the second part of this book clearly document, nation-states around the world have resorted to pursuing a variety of institutional (frequently in the form of dedicated anti-corruption agencies) and legislative reforms as part of their anti-corruption measures. This approach is certainly consistent with a large swath of the literature on corruption that focuses on institutional mechanisms for controlling its emergence and proliferation (Hough, 2017; Yeboah-Assiamah, 2017; Persson et al., 2013; Lagunes, 2012; Dahlström, Lapuente & Teorell, 2012; Andersson & Bergman, 2009; Andersson, 2008; Gerring & Thacker, 2004; Quah, 1999).

A number of institutional factors have been identified as being relevant: a legal framework, which explicitly identifies the actions deemed to be corrupt and also potentially provides guarantees for increased openness, transparency and accountability (e.g., freedom of information legislation); the type of electoral system in place, including whether elections are contested by individual candidates or the use of party lists and the source of funding for the political parties; the scope of regulation, both economic and bureaucratic; judicial institutions; and the political-bureaucratic interface (Andersson, 2008, p. 200). In the latter instance, scholars (Chen & Liu, 2018; Dahlström et al., 2012; Quah, 1999)

point to the need to ensure that public servants are paid a sufficient wage so that corruption becomes less appealing as a method of complementing their salaries. Moreover, the existence of a professional bureaucracy hampers corruption, not because these individuals are any more virtuous than their political counterparts are, but rather that it serves as a counterpoint to the political class thus reducing the possibility of collusion between the two groups of actors. Also, it provides a secondary level of accountability to that which is provided by the electoral system (whereby voters hold their elected representatives to account) (Dahlström et al., 2012, pp. 658–659).

At the heart of these institutional controls is the legal framework and any associated informal rules that establish exactly what types of behaviors are to be considered corrupt. In short, nation-states often adopt legislation that prohibits and punishes various types of corrupt behavior. For example, as the chapters on corruption in Latin America and the Arab world in this book clearly reveal, several nation-states in those regions have either recently implemented or are in the process of introducing laws to curb corruption and provide greater access to information. However, there are a number of additional so-called integrity pillars (Mungiu-Pippidi, 2015, p. 76; Pope, 2000) that are essential to formulate an integrity system that can control corruption, including an independent judiciary, ombudsman, auditor general and dedicated anti-corruption agency, an honest and strong executive, a free media and honest corporations. According to Six and Lawton (2013), six conditions ultimately determine the effectiveness of an integrity system. The first two conditions pertain to corruption reform. First, societal values must be opposed to corruption. Second, there is often an ethical crisis or some external pressure that serves as a trigger for corruption reform. The next two conditions pertain to the external guardians and include well-resourced independent oversight agencies as well as independent and free media and civic action groups. In the final grouping, the authors identify two conditions that are internal to government agencies, namely strong values- and compliance-based policies and practices. The former includes both political will and ethical leadership.

In the Canadian case, the legislative aspect is well established, although the other components of a national integrity system are also present. The federal government explicitly prohibits a variety of offences pertaining to the bribery or corruption of government officials, such as influence peddling, fraud, breach of trust and so on through various provisions of the *Criminal Code*, specifically part four, which outlines offenses against the administration of law and justice. Furthermore, since 1983, Canada has had a *Privacy Act*, which ensures that all government departments and agencies respect the privacy rights of Canadians by placing restrictions on the collection, use, and disclosure of personal information. It also guarantees citizens the right to access personal information about them held by these government departments and agencies and to correct that information where errors exist. That same year, the federal government also adopted the *Access to Information Act*. This legislation allows citizens to demand records from federal government bodies, subject to certain exclusions,

including but not limited to information that could affect federal-provincial relations, the safety and security of individuals, information that was provided to the government in confidence by other governments and information that belongs to third-party private sector companies. As will be discussed later in the chapter in reference to the sponsorship scandal, this legislation has been used to great effect by the media to uncover government wrongdoing. Two autonomous officers of parliament were created at the same time – the Office of the Privacy Commissioner and the Office of the Information Commissioner – to enforce the provisions of these two pieces of legislation. Each province and territory, it should be noted, has its own freedom of information legislation as well. Interestingly, however, it has been argued that rather than making the federal government more transparent this legislation has served to obfuscate government decision making because public servants are loath to put anything in writing (even an email) lest it be subject to a freedom of information request and cause embarrassment to the government (Savoie, 2003).

The Canadian state has a variety of other institutional mechanisms in place as part of its integrity system. This includes individual departmental auditors as well as the Office of the Auditor General, another independent agent of parliament that conducts attest and value-for-money audits of government programs. Moreover, there is a conflict of interest and codes of conduct guidelines – for both politicians and public servants – and an Office of the Conflict of Interest and Ethics Commissioner, which has responsibility for administering the *Conflict of Interest Act*. These various watchdog agencies in conjunction with an independent judiciary and a free press have historically done well to expose and punish political, administrative, and corporate corruption.

Various Canadian governments have also placed an increasingly stringent set of regulations on election financing to the point where they prohibit all corporate, and union donations in federal politics and individual contributions are severely restricted. Legislation also exists to govern the conduct and influence of lobbyists. One of the most recent institutional changes was in 2006 when deputy ministers and their equivalents were made more personally accountable for their delegated authorities by appointing them as accounting officers (a practice that dates to the mid-nineteenth century in the UK). The purpose in doing so was ostensibly to strengthen that secondary level of accountability noted by Dahlström and his colleagues (2012), but the extent to which this has materialized in practice is questionable (Franks, 2009). This and other changes introduced in 2006 as part of the *Federal Accountability Act* were a direct response to the sponsorship scandal, which was a clear corruption reform trigger.

This provides a cursory overview of the institutional arrangements that exist in Canada to regulate the ethical behavior of politicians, public servants, and other individuals who interact with the government. More detailed accounts of these institutional innovations and their perceived limitations can be found elsewhere (Dwivedi & Mau, 2012; Greene & Shugarman, 1997). However, despite this dominant and robust set of political institutions and a political

culture that is intolerant of malfeasance, corruption in Canada remains remarkably resilient. Significantly, there is a perception amongst Canadians that corruption in this country is a problem and that it is on the rise. Some 54 percent of those Canadians interviewed as part of the 2013 global corruption barometer for Transparency International (TI) believed that corruption in the public sector was either a problem or a serious problem, while 53 percent of respondents indicated that corruption in Canada had either increased a little or a lot over the previous two years. A staggering 62 percent of respondents felt that political parties were either corrupt or extremely corrupt, and 38 percent believed that to be the case for public officials and civil servants (TI, 2013). This provides support for the contention that "even a country with a historically low level of corruption is susceptible to the malaise. A positive record cannot be taken for granted" (Andersson, 2008, p. 194). Having said that, it is important to keep in mind that measuring corruption is contentious (Mungiu-Pippidi, 2015). Moreover, increased attention to the problem of corruption by the government and the media can mistakenly lead to the conclusion that it is on the rise. Paradoxically, this increased attention to corruption leads to less trust in government. As the next section of the chapter reveals, Canada has been beleaguered with corruption at all levels of government in recent years, which may be symptomatic of a larger malaise in the country's political and administrative culture that more regulations and oversight agencies will not be able to resolve.

11.4 Corruption in Canada: the dissonance between perception and reality

Since launching its corruption perceptions index (CPI) in 1995, TI has identified Canada as one of the ten least corrupt states in the world in all but the four years between 2003 and 2006, where it ranked no worse than fourteenth. Canada was ranked as the fifth least corrupt country in the world for five out of the first six CPI surveys. More recently, however, Canada has slipped in the rankings. The CPI for the years 2015 to 2017 had Canada ranked between the eighth and tenth least corrupt country in the world and in the most recent ranking (2018) is tied for the 9th spot (TI, 1995–2018). These are palpably impressive results. Furthermore, despite some very high-profile corruption scandals in Canada over this period, the results have remained remarkably consistent.

While there may have been systemic corruption at the provincial level of government in Canada during the first half of the twentieth century (Dwivedi & Mau, 2012), the country has largely been deserving of its rather pristine reputation. In their assessment of corruption in Canada, Dwivedi and Mancuso (2001, p. 57) concluded: "The pattern of corruption occurrence is one of the isolated outbreaks, occurring within a system that both resists the spread of malfeasance and encourages corrective action." Atkinson (2011) would concur with that assessment. In his view, most Canadians are not subjected to

the petty corruption of bureaucratic officials who abuse their positions of authority by requiring bribes or kickbacks, which he surmises is the reason why various indices of corruption generally identify Canada as being relatively free of corruption.

However, public perceptions of corruption in Canada belie these impressive scores. As Atkinson (2011, p. 448) notes, "If business experts and country specialists are to be believed, Canada does not have a serious corruption problem. The difficulty with this conclusion is that Canadian citizens do not share it." As Mancuso et al. (2006, p. 195) discovered in their 1996 survey of 1,400 Canadians, a staggering number of respondents (in excess of 75 percent) either agreed or strongly agreed with the statement "political corruption is a widespread problem." Equally troubling was the fact that more than 70 percent of those surveyed held the view that "no matter what we do, we can never put an end to political corruption in this country." A more recent Gandalf Group poll suggests that this deep-seated cynicism and mistrust of politicians in Canada remains. In that national survey, conducted as an online survey in the fall of 2014, only 13 percent of respondents indicated that they trusted politicians to behave ethically; only lobbyists (at 9 percent) fared worse than politicians as a profession. Discussing the results of that survey, David Herle, a principal at Gandalf, stated: "The gap between politicians and others in public life, the extent to which our politics is believed to be inherently corrupting, and the frequency with which private interests are assumed to trump the public interest are all corrosive to democracy" (cited in Benzie, 2014).

Other indicators are equally troubling. According to the Edelman Trust Barometer, trust across the four institutions surveyed (business, government, the media, and NGOs) imploded in 2017 (Edelman Global, 2017). This global crisis in trust was particularly acute in Canada, where, for the first time since administering this global survey in 2000, it slipped from a historically neutral position to the "distruster" category. With respect to government specifically, there was a ten-point decline in trust of government from 53 percent to 43 percent amongst those Canadians surveyed. Moreover, some 52 percent of the Canadian survey respondents indicated that they were concerned (of which 23 percent were "fearful") about corruption. This decline in trust persisted in Canada in the 2018 survey, but the country experienced a 7 percent gain in the general population in the 2019 survey, placing Canada in the neutral category once again (Edelman Global, 2018; 2019).

Given recent events in Canada, at all levels of government, it would be difficult to argue that this skepticism regarding corruption is misplaced. Ending political corruption, which Klitgaard (1988) defined formulaically as monopoly plus discretion minus accountability, just does not appear to be very feasible. Even with its enviable track record, there have been an enduring and persistent number of scandals and outright instances of corruption in Canada. Ian Greene has calculated that between 1984 and 2006, a time span that covers one Conservative (Brian Mulroney) and two Liberal (Jean Chrétien and Paul Martin) prime ministers, there were some 25 instances whereby plausible accusations of

ethical breeches were brought against the government and in many instances, they were sustained. This represents slightly in excess of one scandal per year (cited in Atkinson, 2011, p. 446).

Many of these were the product of new and inexperienced governments as was the case with the Mulroney administration (1984–1993), which saw the loss of an equivalent of one minister for every year in office to allegations of wrongdoing. In the "Tunagate" scandal of 1985, John Fraser, minister of Fisheries and Oceans, was forced to resign after he overruled the decision of fisheries inspectors, who declared that a million cans of StarKist tuna were unfit for human consumption, out of fear that the denigration of the tuna industry would lead to the closure of the processing plant and massive job losses in an economically depressed part of the country. A year later, Sinclair Stevens, Minister of Regional Industrial Expansion, resigned over allegations of conflict of interest. The Parker Inquiry revealed that Stevens had been in a real conflict of interest situation with respect to his private business interests and his role as minister on at least 14 separate occasions. Other casualties included Robert Coates, Minister of National Defense, who lost his job over national security concerns after it had been revealed that he visited a strip club in West Germany while there on official business, and Jean Charest, a junior minister in the Mulroney government, who stepped down in 1990 after it came to light that he improperly contacted a judge about a case before the courts. A particularly embarrassing scandal for Mulroney was the 1986 indictment of Michael Gravel, a Conservative MP from Quebec, on 50 counts of fraud and influence peddling. Gravel eventually pleaded guilty to 15 charges, was fined $50,000 and served some time in jail (Up the skirt or in the till, 2005).

Prime Minister Mulroney himself was embroiled in corruption allegations as part of the Airbus scandal. In this instance, suspicions were raised that the former prime minister accepted bribes from a German lobbyist, Karl-Heinz Schreiber, in return for ensuring that Air Canada, a crown corporation, awarded a contract to Airbus Industries for a fleet of 34 new passenger jets. The Royal Canadian Mounted Police (RCMP), the country's national police force, launched an investigation, which was ultimately abandoned in 2003. Mulroney launched a lawsuit against the federal government in 1995 for defamation, which was settled out of court for $2.1 million in legal costs and a public apology. Although Mulroney claimed to barely know Schreiber at the time, it was later revealed through testimony at the Oliphant Inquiry that he had received at least a quarter of a million dollars (money, which, coincidentally, he had not originally disclosed to the Canada Revenue Agency for income tax purposes) from Schreiber as a retainer for lobbying activities once the prime minister had stepped down but remained a member of parliament. Although the terms of the inquiry prohibited Justice Oliphant from revisiting the circumstances surrounding Airbus, in his final report, released in May 2010, he all but called Mulroney a liar and concluded that he behaved unethically, finding both his business and financial dealings as well as his failure to disclose them "inappropriate" and that as a result of those interactions "failed to live up to the

standard of conduct he had himself adopted in the 1985 Ethics Code." "Mr. Mulroney's actions," he stated, "failed to enhance public confidence in the integrity of public office holders" (Canada, 2010, p. 51, p. 3).

11.5 A culture of entitlement – rears its ugly head

The former prime minister clearly felt a sense of entitlement, one that, unfortunately, is becoming all too common in Canadian politics. Jean Chrétien, who succeeded Mulroney as prime minister, was similarly tarnished by two major scandals. The first one was "Shawinigate," where questions were raised for a decade (1993–2003) about Chrétien's ownership stake in two properties in his electoral district of Shawinigan. Specifically, the issue pertains to calls that he made to the Business Development Bank of Canada to inquire about loans being requested by the owner of one of these properties since it was not clear exactly when Chrétien stopped having a financial interest in the properties. The federal ethics counselor ruled that the prime minister had done nothing wrong, but that his actions were perceived quite negatively (Up the skirt or in the till, 2005).

In the second instance, the sponsorship scandal involved the Sponsorship Program at the Department of Public Works and Government Services Canada (PWGSC) (renamed Public Services and Procurement Canada in 2015). The Liberal government created this program in 1997 as a means of bolstering the federal government's presence in Quebec on the heels of a very narrow defeat of the separatists in the 1995 referendum. The intent of the program, which the government terminated in 2003, was to publicize the activities and presence of the federal government in the province of Quebec to remind Quebecers of the benefit of remaining a part of Canada. However, the program was secretive, with no apparent cabinet directive to create the program; parliament was never apprised of the real purpose of the program; hundreds of millions of dollars were spent with no real justification, much of which went to communications agencies for fees and commissions; and there was no internal control to oversee the program or any modicum of transparency in decision-making (Canada, 2003). While no evidence was produced to determine that Chrétien was criminally responsible for the kickback scheme, which saw advertising firms that were friendly to the Liberal Party secure lucrative government contracts (in some instances for work that was never done) and funnel political donations to the Quebec wing of the Liberal Party, he was determined to be partially responsible for the irregularities and poor financial mismanagement practices with respect to the Sponsorship Program at the PWGSC. The Gomery Inquiry concluded: "Since Mr. Chrétien chose to run the Program from his own office and to have his own exempt staff take charge of its direction, he is accountable for the defective manner in which the Sponsorship Program and initiatives were implemented. Mr. Pelletier [the prime minister's chief of staff] failed to take the most elementary precautions against mismanagement – and Mr. Chrétien was responsible for him" (Canada, 2005, p. 75).

One of the most disturbing aspects of the sponsorship scandal, which saw a number of criminal charges and convictions, leveled against Chuck Guité, the public servant who ran the program, and several private sector advertising agency executives, was that it was illustrative of an insidious culture of entitlement that has been emerging among the political and, albeit to a much lesser extent, administrative elite in Canada. This was one of the major findings of Justice Gomery, who was appointed to head a commission of inquiry to examine financial mismanagement and other irregularities that emerged with respect to the operation of the Sponsorship Program. In the first of his two reports, which proved to be a significant contributing factor in the defeat of the Liberal government, Gomery noted the "existence of a 'culture of entitlement' among political officials and bureaucrats involved with the Sponsorship Program, including the receipt of money and non-monetary benefits" (Canada, 2005, p. 7). Nonetheless, he was equally adamant that the failure to adhere to high ethical standards in the Sponsorship Program was confined to a handful of government officials and was not a pervasive problem in the federal bureaucracy (Canada, 2006).

Even though Gomery was careful to note that this scandal did not signify that the federal public service had become thoroughly corrupted and that the Canadian public largely viewed this as an isolated event, he also noted that Canadians "also feel that it is a manifestation of broader systematic cultural or moral problems in government" (Canada, 2006, p. 35). Further indicators of this so-called culture of entitlement did not take long to emerge. Nothing is perhaps more emblematic of that fact than when David Dingwall, a former federal Liberal cabinet minister and head of the Canadian Mint, famously declared before a parliamentary committee that he was "entitled to his entitlements" when justifying his generous compensation package after voluntarily resigning in 2005 as president and CEO of the aforementioned crown corporation in the aftermath of a spending scandal. That Dingwall was ultimately exonerated of any wrongdoing associated with expense claims at the Mint is immaterial; in addition to the damning revelations that had just emerged from the Gomery Inquiry, his glib smugness provided additional content for the attack ads orchestrated by her majesty's loyal opposition in the 2006 general election. Stephen Harper, leader of the Conservative Party, who ultimately emerged victorious in that election with a minority government, vowed to transform Ottawa's government by replacing "a culture of entitlement and corruption with a culture of accountability" (Conservative Party, 2006, p. 3).

11.6 … and becomes firmly entrenched

The newly elected Conservative government immediately fulfilled its campaign promise by adopting the *Federal Accountability Act* in December 2006, a sweeping legislative reform that was designed to enhance transparency and accountability in the federal government. However, as has been argued elsewhere, this proved to be little more than a "self-serving ruse for defeating the

Liberals" (Dwivedi & Mau, 2012, p. 184). As a decade of rule by that government has clearly revealed, Conservative politicians felt no less sense of entitlement than their Liberal predecessors – whether it was the former defence minister, Peter MacKay, appropriating a military helicopter to pick him up from a private fishing camp, under the guise of a search and rescue exercise (Berthiaume, 2011), and shuttle him to the airport at an estimated cost of $16,000 to Canadian taxpayers, or former international cooperation minister, Bev Oda, staying at the luxurious Savoy hotel in London for a conference where she enjoyed a $16 orange juice through room service and then hired a car and driver at the cost of $1,000 per day to take her to the hotel where she was supposed to stay (Fitzpatrick, 2012).

Those are clearly examples of fairly minor transgressions, involving politicians, not public servants, but they do serve to illustrate that all governments need to be wary of the slippery slope to the entitlement that occurs when a government has been in power for too long. As noted earlier, while minor forms of corruption may be fairly uncommon in Canada, especially that which involves bureaucrats and the use of bribes, "breathtaking liberties have occasionally been taken with expense accounts" (Atkinson, 2011, p. 453). The 2012 Senate expenses scandal, which has thoroughly undermined what little credibility the institution possessed, has certainly sharpened the electorate's focus on this type of behavior. Moreover, it reaffirms that this culture of entitlement has become fully entrenched in Canadian political culture (Mingus, 2007).

In this instance, three Conservative senators – Mike Duffy, Pamela Wallin, and Patrick Brazeau – were investigated for inappropriate housing and travel expense claims, which eventually led to their suspension from the upper chamber in late 2013. A fourth senator, Mac Harb, who sat as a Liberal, was similarly found to have claimed housing expenses for which he was ineligible, ultimately retiring in August 2013 and paying back more than $180,000 to the Senate. All of them but Wallin were charged with fraud and breach of trust (Boyer, 2014). Of these four individuals, the allegations pertaining to Mike Duffy were the most serious. In July 2014, the RCMP formally charged him with 31 counts of fraud, breach of public trust, and bribery. His trial began in April 2015 and concluded in April 2016 with the trial judge clearing him of all criminal charges, noting that while some of his transactions might be considered "unorthodox," they were not criminal (Harris, 2016). What makes the Duffy case so interesting is the fact that Nigel Wright, Prime Minister Harper's former chief of staff, personally gave the Senator $90,000 to reimburse the Senate for some of the improperly claimed expenses. While Harper denied any knowledge of Wright's actions, "Who knew what, when, or, more specifically, how much did Nigel Wright share with Stephen Harper, is the question that has intrigued followers of the scandal for some time" (Boyer, 2014, p. 104).

Even the current prime minister, Justin Trudeau, who stunned political observers by returning the Liberal Party to power from its third-party status in the 2015 general election, has continued to perpetuate this culture of entitlement. What makes his behavior even more disappointing and troubling is that

he campaigned as a different kind of politician, namely one who championed feminism and indigenous rights and was committed to doing politics differently, which ultimately led to him becoming a global icon as a progressive leader.

His first gaffe emerged in December 2016 when Trudeau and his family accepted a family vacation at Bell Island in the Bahamas owned by the Aga Khan. Although Trudeau saw nothing wrong with vacationing at the private island of an individual whom he considered a family friend (but who is registered as a government lobbyist), the nearly yearlong investigation of Mary Dawson, the Conflict of Interest and Ethics Commissioner, interpreted the incident differently. More specifically, Trudeau was found to have contravened four sections of the *Conflict of Interest Act*: (1) staying at the Aga Khan's private island; (2) using the Aga Khan's private helicopter to get to the island; (3) failing to protect himself from a conflict of interest; and (4) failing to recuse himself from discussions about the Global Centre for Pluralism, an international research center based in Ottawa that was founded by the Aga Khan, just prior to his family vacation at Bell Island (Office of the Conflict of Interest and Ethics Commissioner, 2017, pp. 69–70). In the end, however, there was no punishment for this ethics violation other than the embarrassment of the guilty verdict, a public apology and a declaration that the ethics commissioner would clear all future family vacations of the prime minister.

The second scandal involving Trudeau has not been as inconsequential. Already, the SNC-Lavalin affair has led to the resignation of two high-profile ministers (both women, one of whom is indigenous); Michael Wernick, the Clerk of the Privy Council; and the prime minister's top political aide, Gerald Butts, principal secretary in the Prime Minister's Office. Moreover, the scandal has so badly tarnished Trudeau's image that it may ultimately cost him his job (Hébert, 2019) and the Liberal government the fall 2019 general election. At issue here is whether the prime minister and other senior members of the Liberal government breached prosecutorial independence, an established principle of Canadian constitutional law, by issuing "veiled threats" and exerting undue political pressure on the Honorable Jody Wilson-Raybould, minister of justice and attorney general, to offer SNC-Lavalin a deferred prosecution agreement (DPA) (MacCharles & Campion-Smith, 2019, p. A3).

This scandal revolves around charges the RCMP and the Public Prosecution Service of Canada laid against SNC-Lavalin Group Inc. and two of its subsidiaries in February 2015 for allegedly paying millions of dollars in bribes to officials in the Libyan government of Muammar Gaddafi between 2001 and 2011 and for defrauding Libyan organizations of some CAN$130 million. Under a DPA, a legal remedy introduced by the Liberal government as part of an omnibus budget bill in 2018, if a company met certain conditions, it could avoid criminal prosecution for bribery and corruption in favor of fines and other penalties. More importantly, instead of facing a ten-year ban, companies granted this remedy would remain eligible to bid on federal government contracts, which, for SNC-Lavalin, represents billions of dollars annually and a significant percentage of the company's revenue. With the stakes being so high, there is little surprise

that SNC-Lavalin lobbied the federal government so hard to introduce the DPA to the *Criminal Code* in the first place and then to ensure that it received one once charged for its various transgressions.

Although Kathleen Roussel, director of public prosecutions, independently decided that SNC-Lavalin was not eligible for a DPA, the attorney general does have the power to issue a directive regarding an ongoing prosecution; however, the attorney general must provide such directives in writing and publish a notice of that decision in the *Canada Gazette*. In repeatedly discussing the matter with Wilson-Raybould, Trudeau and the other senior officials were hoping to get her to exercise this discretion. So, clearly, there is the potential for politics to creep into these DPA decisions. At what point, however, do the interventions by the prime minister and others transform from advice, which is permissible, to pressure and political interference? Ultimately, that is the crux of the matter.

Trudeau, Butts, and Wernick believe that they acted appropriately and professionally and that they did nothing wrong, a view that the attorney general did not share, although Wilson-Raybould did concede in her testimony to the House of Commons Justice Committee that none of these individuals did anything illegal. Watson (2019, p. 3) provides an interesting interpretation of the scandal:

> As things stand, it is impossible to identify any clear heroes or villains in this story. But if you keep an open mind while examining the evidence presented, you can find reasons to suspect that this scandal is nothing more than the unnecessary result of a questionable government decision to ask Wilson-Raybould to rethink her questionable decision not to review a questionable decision by federal prosecutors to take SNC-Lavalin to court. And that string of questionable decisions created an ugly tug of war between two proud and stubborn individuals with my-way-or-the-highway tendencies.

While it may be debatable whether Prime Minister Trudeau and his cabal of senior officials breached the principle of prosecutorial independence, one conclusion is clear. As has been well documented, Canada has an executive-dominant political system where power has been centralized over time in the hands of the prime minister and his or her inner circle of courtiers (Savoie, 2008; 1999). This invariably leads to a sense of entitlement: prime ministers expect acquiescence from cabinet colleagues so that their policy preferences always prevail. Trudeau undoubtedly anticipated that once he expressed his concerns about potential job losses in Quebec should SNC-Lavalin follow through with its threat to relocate to another jurisdiction if prosecuted, Wilson-Raybould would have decided to offer the company a DPA. She reflected on the matter and decided not to take action, which precipitated the ten meetings and ten phone calls from the prime minister and senior officials characterized by

the attorney general as "'political and partisan' pressure that … was highly 'inappropriate'" (MacCharles & Campion-Smith, 2019, p. A3).

The culture of entitlement, however, extends beyond Ottawa. A plethora of corruption has emerged right across the Canadian political spectrum. As Tim Harper (2014, p. A8), a national political correspondent, wrote: "The summer of 2014 has been a bad one for Canadian politicians who have slipped into the dark world of imagined entitlement." In addition to legal troubles facing the embattled Mike Duffy, in June 2014, Joe Fontana resigned as the mayor of London, Ontario, after he was convicted of three fraud-related offences from when he was a federal Liberal cabinet minister. His offence related to a forged contract for his son's wedding in 2005 so that it would appear to be a political event. His $1,700 fraud resulted in a sentence of four months of house arrest and 18 months of probation (Jones, 2014). A forensic audit conducted by Deloitte Canada in the summer of 2014 revealed that former Brampton, Ontario mayor Susan Fennell and her staff violated the city's spending rules and travel policies some 266 times over seven years. Fennell, in particular, racked up in excess of $300,000 in questionable expenses (Alamenciak, 2014). She was later cleared of any criminal wrongdoing in a probe by the Ontario Provincial Police and subsequently initiated legal action against the city and its integrity commissioner.

At the provincial level, former Alberta Premier, Allison Redford, resigned in disgrace in 2014 after just two years in office as a result of a report by the provincial auditor general, who found that she and her office "used public resources inappropriately … consistently [failing] to demonstrate … that their travel expenses were a necessary and reasonable and appropriate use of public resources—in other words economical and in support of a government business objective" (Alberta, 2014, p. 2). She was also found to have used government aircraft for "personal and partisan purposes" (Alberta, 2014, p. 4). With much less fanfare, the media quietly reported that the former lieutenant governor for the province of Quebec, Lise Thibault, who served in this vice-regal position from 1997 to 2007, pleaded guilty in December 2014 to charges of fraud and breach of trust related to some $700,000 in alleged improper expenses on gifts, trips, parties as well as golf and ski lessons (Ex-Lt.-Gov. Thibault, 2014).

Moreover, Quebec has once again demonstrated that the roots of corruption in that province are extensive (Quinn, 1967; Gibbons, 1976); the most recent revelations of corruption in that province emerged when journalists began exposing corruption and collusion in the Quebec construction industry in late 2008. As they discovered, construction costs for public works projects in that province cost a remarkable 30 percent to 35 percent more than in Ontario (Patriquin, 2010). After much stonewalling, in October 2011, Jean Charest, the former provincial premier, established the Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry, chaired by Justice France Charbonneau. Charest was essentially forced to respond after a leaked report from Jacques Duchesneau, anti-collusion investigator and former Montreal police chief, alleged a vast network of money laundering, bid rigging,

and kickbacks involving politicians, union officials, construction executives, and the mafia. After three and a half years of testimony, the commission concluded its hearings, but Charbonneau asked for a seven-month extension to produce her final report (Commission d'enquête, 2015). Revelations from the inquiry ended the careers of several municipal politicians, including the mayor of Laval, Gilles Vaillancourt, who was convicted for corruption and fraud, and two mayors of Montreal. In January 2017, Michael Applebaum, the former interim mayor of Montreal, was ultimately found guilty of 8 of the 14 corruption-related charges levied against him.

11.7 Conclusion: building and maintaining trust

At the outset of the chapter, it was suggested that notions of completely eliminating corruption are misguided. Despite the fact that the complete eradication of corruption is often touted as the overall objective of scholars and international organizations dedicated to the promotion of good governance, it is naïve to think that such an end state would ever be attainable. As the example of Canada has clearly demonstrated, it is not at all incongruent to be considered one of the least corrupt countries in the world while at the same time being beset with acts of corruption.

Like other relatively non-corrupt countries, the pillars of Canada's national integrity system are strong. Canada has a well-established legal framework that prohibits and sets out penalties for various corrupt practices. The country has a culture of openness, transparency (although more can be done), and accountability in public administration and governance, which is underscored by legislative guarantees to both privacy and access to information in the public realm. A clear set of public sector values and ethics guides the work of those employed in the bureaucracy. The country possesses codes of conduct and ethics guidelines to govern the behavior of politicians and public servants alike. There are auditor generals at the provincial and federal level, along with myriad departmentally based auditors, ensuring that these governments' human and financial resources are being managed with probity and prudence. Integrity and ethics commissioners exist at all levels of government, including many municipal governments where the opportunities for and temptation to succumb to corruption are most intense. The province of Quebec even has its own anti-corruption unit as part of its provincial police department that was established in 2009 and modeled after New York City's Department of Investigation (discussed more fully in the chapter on corruption in the United States by Powell). In short, the country has a comprehensive and firmly entrenched set of institutions to prevent, detect, and punish corruption – and yet the problem persists.

Admittedly, most of the instances of corruption described in this chapter have involved politicians rather than public servants; moreover, they are relatively minor examples of wrongdoing when compared with the malfeasance that transpires in many countries around the world. However, they nonetheless demonstrate the difficulty of trying to eradicate all forms of corruption. As

Rose-Ackerman (1996, n.p.) notes: "The aim, therefore, should not be complete rectitude, but a fundamental increase in the honesty—and thus efficiency, fairness and political legitimacy—of government."

Perhaps the most troubling aspect of the recent spate of corruption scandals in Canada is that the public has the distinct impression that something other than serving in the public interest motivates those attracted to elected offices in the public sector. Most people, it is likely safe to say, do not choose elected office for self-interested reasons, but at some point, the insidious culture of entitlement that has surfaced in Canada seems to seduce some of them – even those occupying the highest elected offices in the land. Fortunately, for the most part, this sense of entitlement has not extended to the hundreds of thousands of men and women who comprise the federal (or for that matter the provincial and territorial bureaucracies) public service. Canada benefits from a cadre of publicly spirited bureaucrats who join government to perform ethically in delivering high-quality services to their fellow citizens. Although it does happen on occasion, the corruption of a public servant in Canada, whereby she or he pursues self-interest for private gain, remains a rare occurrence.

Institutional responses for preventing and eradicating corruption are unquestionably part of the solution. All of these institutional elements that have been designed to regulate the ethical behavior of both elected politicians and career public servants contribute to Canada's favorable ranking in the CPI and other measures of honest, ethical governance. Therefore, other countries that are riddled with corruption should be relying on institutional responses as part of their anti-corruption strategies. However, there is always room for strengthening a country's integrity pillars. Like New Zealand (Brown, 2014), a weakness of the Canadian national integrity system is the relative structural dominance of the executive branch of government. As noted in the chapter, this has contributed to a culture of entitlement that has sullied several prime ministers. Curbing the inordinate power of the prime minister, therefore, is an important first step. So, too, is ensuring that those who seek elected office as well as those administrators who implement their policy decisions are of the highest moral character and are fully committed to the values and ethical frameworks that underpin the public service. Strong, ethical leadership is required at the apex of both political and bureaucratic hierarchies; these individuals need to model the way for others by truly practicing a more enlightened, inclusive brand of politics and serving citizens ethically and responsibly. There will always be individuals who, when given the opportunity and sufficient discretion, will give in to temptation and choose a private or particularistic gain over the public interest; however, the public's trust in government and its various institutions can only be rebuilt or solidified if such behavior is anomalous and not the norm.

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12 Corruption in the United States

A systems view of ethics management

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12.1 The American experience with corruption: an introduction

This chapter will attempt to identify efforts to achieve compliance with a relatively large collection of legislative mandates, compliance systems at varying levels of government, with some enforcing subservient agencies and the increasing incursion of federal mandates on state and local powers and ethics systems. Investigatory powers of federal agencies continue to expand and supersede the authority of lower levels of government. The results may be beneficial to the public interest and may be harmful to the continuing authority, financial scope, and workforce levels of subservient agencies. Furthermore, there is always the danger of a larger geographic scale of corruption corresponding to negative and powerful political motivations at a higher level of government.

This chapter will provide a brief description of the American federal system, the scope of over 90,000 independent local governments spending more than $3 billion, the complexities of sharing American traditions of the rule of law and the primacy of individual rights. The ideals of good governance are widely accepted in the United States, but government administration has been captured by the demands of new public management (NPM), as is true for most Western democracies, and public administration has been caught up in the contradictions of efficiency and the massive size and scope of its public institutions. Several scholars have gone as far as saying that U.S. bureaucracy is too large and too far removed from the public to be responsive and efficient (Kettle, Ingraham, Sanders, & Horner, 1996; Khator, 2007; Peterson, 1995).

Further, this chapter will attempt to identify efforts to achieve compliance with a relatively large collection of legislative mandates, compliance systems at varying levels of government, with some enforcing subservient agencies and the increasing incursion of federal mandates on state and local powers and ethics systems. Federal agencies' investigatory powers continue to expand and supersede the authority of lower levels of government. The results may be beneficial to the public interest and may be harmful to the continuing authority, financial scope, and workforce levels of subservient agencies. Furthermore, there is always

the danger of a larger geographic scale of corruption corresponding to negative and powerful political motivations at a higher level of government.

12.2 The emergence of professionalism in U.S. public service

Many of the present-day doctrines about public administration education in the United States were initiated in the 1920s and 1930s, following an era of municipal scandals that reached their height in the early 1900s (Barry, 2009). However, it was the concentration of nonprofit public interest groups hosted on the University of Chicago campus in the late 1930s, at a Rockefeller Foundation grant funded building at 1313 E. 60th Street, that lifted the public sector functional specializations to professional level standards of conduct and practice. Included were the International City Management Association, the National League of Cities, the American Planning Association, the American Society for Public Administration, and about 20 other professional associations focusing on professional public service, which produced the body of responsible public administration principles and professional ethics in state and local public service still in evidence today.

The associations also generated graduate programs in public administration and supported the management of the national New Deal projects of the 1930s. The spirit and substance of cooperation and collaboration that emerged among the growing number of professional public managers and public administration educators have endured and survived the new public management wave that weakened the public management profession in the 1980s (Stone, 1975; Denhardt & Denhardt, 2003; Powell & De Vries, 2011).

It may be argued that ethics management scholarship in the U.S. is confined to avoidance of corruption (Lewis & Gilman, 2005; Cooper, 2006) and less attention paid to oversight (Caiden, 1979). It might be a result of differences between American public administration and its roots in political science, and the avoidance of administrative law perspectives in education for the public service, contrary to the focus of administrative law in most other developed nations. Further, while the cultural sources of ethics are acknowledged, they are somewhat fragmentary when dealing with corruption (Svara 2007; Thompson & Leidlein, 2009).

Several American scholars have recommended that ethics in public administration go beyond legalistic prescriptions, and have suggested favoring policy choices such as the vigorous pursuit of justice, fairness, individual rights, respect for human dignity, and the pursuit of the common good and equity (Frederickson, 2005; Denhardt & Denhardt, 2003). American scholars have also examined the relationships between organizational values to determine ethical climates, correlating higher levels of ethical climate with organizational performance values such as efficiency and effectiveness (Menzel, 1993). However, the diversity and number of local governments in the United States mean that the ethical climate among 90,000 local governments will necessarily vary considerably, and create problems for research (Svara, 2007).

That American public administration scholars have focused on good governance from organizational effectiveness, and efficiency perspectives may be reflective of America's politically motivated campaigns favoring efficiency, performance measures, cost-cutting, staff reductions, and improvements in oversight involving financial management of public organizations. Effectiveness is also of interest, although performance audits are rare except in the larger cities and counties (Feldman & Eichenthal, 2013; Newland, 2007).

On the other hand, it is evident that the demands of oversight in American governmental institutions need to be comprehensively addressed in a systems approach to integrity in public administrative management (Svara, 2007). Federal prosecutors are expecting greater involvement and participation by state and local governments in reducing the level of corruption, particularly in the large cities of America where organized crime has a more significant impact and where federal and local prosecutors are achieving higher levels of convictions. One study concludes: "Prosecutors now expect public administrators to share their commitment to integrity in government and to fighting corruption and racketeering" (Anechiarico & Jacobs, 1996, p. 106). The reality may be a weak sense of concern and accountability by American scholars for the challenges of causes and effect and the translation of theory into practice.

Most American scholars addressing advancements in government administration have focused principally on public service motivation, performance measurements and ethical conduct of workers in public organizations, on causes of unethical behavior, and the codification of ethical behavior and decision-making (Menzel, 2012; Cox, 2009; Lewis, 2005; Cooper, 2004; Frederickson, 2005, 2013; White, 2010). Less attention appears to have been paid to oversight (Caiden, 1979). It might be a result of differences between American public administration and its roots in political science, and the avoidance of administrative law perspectives in education for the public service contrary to the focus on administrative law in most other developed nations. Further, while the cultural sources of ethics are acknowledged, they are somewhat fragmentary when dealing with corruption (Svara 2007; Thompson & Leidlein, 2009).

12.3 Complexities in the U.S. federal system

It is probable that the complexity of local, state, and federal agencies present difficulties in comparisons of different behavior, cultures, and administrative structures. Moreover, the interdisciplinary nature of the study of public management in the U.S. may make models difficult. Scholars may face the problem of conveying principles of American law, which form the basis for understanding the basic premises of the rule of law in a society committed to individual rights. The difficulties of differentiating between principles of justice and individual rights, and treating bribery as a synonym for the complexities of corruption has resulted in the frequent relegation of the study of corruption to statistical studies of economic trends.

However, given that accountability and transparency are well incorporated into American governance systems, the variable currently creating complexity in the United States may well be the question (or absence) of national political leadership to continue support and leadership for the values of integrity. The multi-level approach to ethics management in America is legal and regulatory, a relatively coercive, compliance-based approach to achieving proper behavior by punishing those who behave badly. Legislation and regulations are enacted, generally in response to the latest outcry of public opinion condemning the latest ethical scandal, providing sustenance for the press and its need for revelation, and providing new ethical commands to government officials.

Governance, and correspondingly, anti-corruption responsibilities, are indeed diverse and disparate in the United States, reflecting the realities of America's federal system. With a massive central federal government, 50 semi-autonomous states, and 90,075 local government units, including 3,031 counties as sub-units of the states, and 19,495 municipalities, 16,754 townships and towns, 12,754 independent school districts, and 35,748 special districts, the diversity of administrative responsibilities contributes to a multiplicity of efforts to abate and control all corruption (2017 Census of Government).

12.4 Points of light

Employment in government at the federal, state and local levels is approximately 20 million, including 3.8 million state employees, 10.8 million local government employees, and 4.9 million federal employees (including 924,000 contracted personnel, 1.3 million military, and 611,000 postal service employees). Further adding to governance disparities are the 512,670 popularly elected local and state officials (plus 450 federal Congressmen and women, overseeing the 30 million local, state, and full-time federal employees delivering public services, managing private sector organizations under contract, and assuring the correct and proper delivery of public services in 90,000 independent local governments, 50 states, and a national government (2017 Census of Governments).

If the scale of the American federal system is overwhelming in comparison with the majority of nations, most American scholars appear to view state and local governance and institutions as less important than the highly visible power struggle between the U.S. Congress and the president over a multitude of national and international policy issues. Indeed, the traditional scholar's image of American local governments might be a vision of a few large mega-cities, and many small towns and small budgets.

The reality is that expenditures for the 90,000 local governments alone amounted to $1.7 trillion in the fiscal year 2016. Add to that $1.5 trillion spent by the 50 states, and the combined $3.2 trillion expended almost matches the $3.8 trillion expended for civilian services by the federal government. The total of $7 trillion in expenditures in the United States each year, without doubt, is a significant temptation for bribery, fraud, wastefulness, inefficiency, abuse of power, abuse of trust, kickbacks, gratuities, bid manipulation, change order abuse,

pre-bid procurement information and corruption by any other name (U.S. Census Bureau, 2017).

The massive size of the number of local jurisdictions, with 10.8 million full-time local public employees, strongly suggests the need for a national network of comprehensive graduate public administration education programs and ethics training to prepare local professionals to manage this enormous resource, a need that should be at the forefront of national strategic policy (Powell, 1977). Whether education for public sector managers in the U.S. has been effective for the management of integrity agencies that are fundamental to good governance is questionable.

12.5 The evolution of an ethical culture in the U.S.

As suggested by Charles Galofano and Leo Huberts in Chapter 1 and Chapter 2 in this book, a better approach to depress the incidence of undesirable public sector conduct has been to encourage government agencies to develop and maintain an ethical culture whereby actions are consistent with the institution's core values and mission. Values-oriented approaches focus on creating and maintaining an organizational culture (or personality) where employees and leaders are on the same page, and values are incorporated into employee behavior and management's strategic decisions.

Notably, the government workplace offers distinct advantages to establishing a strong ethical culture over private sector workplaces. The replacement of the profit motive with a commitment to the public interest removes many of the pressures on private sector employees that encourage unethical or corrupt conduct.

There are, in reality, several opportunities for the establishment of values in American compliance systems. By example, in all jurisdictions – state, local and federal – the public has a right to obtain copies of records of official action, and bring these decisions into "the sunshine," which works to hold government officials accountable. Regrettably, the degree of compliance varies widely, with some states requiring personal presence for their request. In a recent analysis of statewide integrity, the combined grades for the 50 states was a D minus, with 12 receiving an F grade and 16 a D minus grade. The highest grade was C, for two states (The Center for Public Integrity, 2015).

All of the states have whistleblower statutes, and the federal government protects government employees who expose corruption. However, again, there are instances where employees may be punished, discriminated against, or lose their jobs. Thus, it is the degree and specificity of requirements that control.

Perhaps most importantly, individuals inherently motivated by their employer's mission staff American government agencies. This is true despite current national efforts led by the current U.S. president to weaken federal employee commitment to public service missions and values. Most public employees think about ethics in terms of rules, and there is a massive amount of legislation governing employee conduct that needs to be followed It is apparent that both managers and employees in the public service at all levels need continuing education to address ethics management (Menzel, 2012).

12.5.1 Growth of oversight in the federal system

A review of authority at the federal level of the American government to investigate, indict and prosecute is changing the federal system, and also increasing the number of indictments and convictions of corrupt officials, with some caveats. The availability of multiple sources of investigation can be a positive benefit in efforts to abate corrupt behavior. From the perspective of management's powers to review performance, and consequently to produce a culture of excellence in the public service, oversight can be a useful tool to control excesses of greed, improve confidence in the management and workings of the public sector and ensure proper management of finances while improving performance. Performance audits are well underway in the federal agencies and are required in some states and large local governments. On the positive side, financial audits are almost uniformly required in all the states and uniformly required of local governments by state legislation (The Center for Public Integrity, 2015).

It may be self-evident, but merely creating institutions to address transparency and good governance does not mean that the authority granted to agencies is adequate to accomplish the tasks the agency is charged with accomplishing. Furthermore, there is a reason to be concerned that efforts to control and manage corruption may be counteractive to equally desirable efforts to decentralize and delegate responsibility and accountability. The question is thus raised whether efforts to achieve effective monitoring and controls, fiscal and performance auditing, and effective remedies or punishments, will support creativity, innovation and the kind of experimentation that has characterized the best of American public management (Anechiarico & Jacobs, 1996; Newland, 2007; Denhardt, 1981; Denhardt & Denhardt, 2003).

Recent comprehensive evaluations of legislation among the 50 states will illustrate varying levels of effectiveness in the passage of legislation directed to integrity, and in a majority of instances, the powers legislatively created were either inadequate or just inappropriate to the mission identified in a universal consensus of necessary powers (The Center for Public Integrity, 2015).

The United States may make do with a small number of political leaders at the national level, but its 89,000 local and state governments, led by a half million elected officials, may lack the political willpower to act in a responsible and accountable way to avoid the diminution of their comfort with behaviors and administrative systems that do not adequately address integrity in the multitude of administrative and watchdog agencies. One may argue that, despite a complex federal system, a developed nation should have national laws that require comprehensive solutions to the management of good governance, to achieve integrity in the behavior of public officials, to establish oversight agencies to conduct fiscal and performance audits, and to realize the passage of comprehensive legislative authority for independent oversight agencies to investigate corruption in its many forms and in a diverse system of administrative agencies at all levels of government.

12.5.2 A systems view of ethics

Despite variances in size and capacity among the different levels of government in the United States, the organization of ethics management is moving in the direction of becoming highly structured, with a focus on a systems view of ethics management directed to integrity in public management (Menzel, 2012). This achievement may not be the result of scholarship and public administration education, but to the application of federal resources and legislation positively impacting on local- and state-level corruption.

One significant application is federal legislation requiring a comprehensive audit of all federal grants when $500,000 or more of federal dollars in grants are provided to states and localities (The Single Audit Act Amendments of 1996). The required audit standards are more thorough and detailed than a regular local or state independent audit, with distinct and higher levels of testing that must be reported on expenses to ensure that federal funds have been used correctly, as well as documented and reported correctly in the agency's financial statements. Since 2009, the audits are filed with the U.S. Census Bureau acting as a clearinghouse and filed on the internet, providing transparency (U.S. Management and Budget Office., 2013).

Other dynamics have been influential in creating a more significant role by federal investigators and prosecutors in the process of introducing federal resources to corruption at the state and local levels. Initiatives by 70 U.S. attorneys general distributed geographically throughout the United States have resulted in the engagement of both federal investigators and prosecutors, frequently, but not always, in cooperation with state and local police and prosecutors obtaining indictments and convictions for corruption abuses by state and local officials and private sector actors.

In states with large cities, governors and state attorneys general have established special investigatory entities with authority to partner with or bypass local investigators and prosecutors to overcome patterns of corruption that had become acceptable to local power brokers. More specifically, federal resources are overcoming a relatively nominal degree of objectivity in investigations and prosecutions of local corruption by local law enforcement officials (Anechiarico, 1996; Gould, 1989).

Financial audits and the scope and effectiveness of state legislative requirements for financial auditing by state governments and their local governments, and their success or impact on an individual or organizational ethical behavior are of emerging interest in the literature on corruption (Menzel, 2012).

12.5.3 The ideological context: changes brought about by neoliberalism

Whether corruption increases with the size of expenditures, the more significant opportunity for self-interest to overcome the rule of law, or culture influences, the behavior of officials in specific societies, or systems of accountability

and transparency that have not matured or are failing, it is clear that political events can influence national structures and characterizations of governance. Such was the case with the advent of President Ronald Reagan on American governance (Darman, 2014).

A multitude of scholarly works has comprehensively documented that the Reagan administration directly impacted and significantly traumatized and weakened the reputation of the public service and the quality of governance in the United States. Further, political and economic forces undermined the morale and the esprit de corps of the public service at all levels of government. NPM, identified as such in the academic literature in the early 1990s, has taken many forms: Reaganomics, Thatcherism, neoliberalism, rationale management, charging government waste and inefficiency, the introduction of business culture into the public sector, and the accompanying loss of public values. President Trump has amplified the claim that government, and particularly the federal government, is the cause of the nation's economic and social problems. The acceptance of that claim will be tested as his presidency and accomplishments are viewed objectively (Hood, 2001; Appelbaum, 2019).

There were stirrings among the professional class of local government managers in California in the early 1970s, recognizing the predicament of rising property tax as the sole support for cities and counties. Inflation, doubling home values and property taxes within three years, drove a fearful public into the arms of neoliberalism. An inept and inexperienced governor and a state bureaucracy protective of its powers in the collection of state income taxes were deaf and blind to the crisis of citizen trust in local government management, and NPM had its first victory against government with the passage of Proposition 13 in 1978 (Powell & De Vries, 2011).

Some 38 states soon followed with their tax cutbacks, a movement that continues to the present day. The federal government also followed in the 1990s with reengineering and reinventing government theories. The most controversial element of what has been characterized as the NPM, namely contracting with the private sector for the delivery of government-type services, continues to reduce the scope and reliability of government's accountability to the public (Bloomfield, 2006; Brown & Potoski, 2006; Powell & De Vries, 2011).

Public administration graduate academic programs throughout the U.S., traditionally focused on the best public management practices, were viewed by relatively naive university administrators as lacking in the new public (business) management skills, and consequently many programs were consolidated within business schools, where many effectively disappeared. What emerged were public policy programs unconcerned with good governance, and instead focused on public choice theories and the introduction of business goals espousing productivity, efficiency, and cost-benefit analysis to drive public choices objectively, and concurrently replacing longstanding public service norms such as accountability, equity, and responsiveness (Newland, 1994, 2007).

Other forces were also at play beside political ideologies. The oil crisis initiated by Middle Eastern nations resulted in gasoline shortages for the first time

in the country's history, which contributed to a sense that stronger federal government leadership was necessary. Globalization reduced the power of the industrial unions with the loss of middle- and lower-class members. The success of the civil rights movement in the 1960s also created resentments, and a change in party affiliation in the southern states changed the balance of national politics and ended progressive national policies.

All these forces contributed to a weakening of the public sector workforce, a weakening of ethical pre-eminence, and the corresponding strengthening of business intrusion into the delivery of public services. Contracting out to the private sector for the delivery of public sector services became a mantra of modern and efficient government. A business ethos was substituted for public values and continues to the present (Powell & De Vries, 2011). The increase in privatization brought with it an increase in contacts between business and government, an increase in the importance of gaining contracts for government services for private organizations that in turn changed their mode of operation to a reliance on government contracts, and a subsequent increase in the likelihood of corruption (Patterson, 2002).

12.6 Gifts, contributions, bribery and citizen distrust

Bribery is of particular interest to American public administration scholars, especially as it relates to campaign spending and the resulting corruption that may arise from illegal contributions (Johnson & Cox, 2005).

Dependency on campaign contributions, particularly for seats in the U.S. House of Representatives, reveals a goal of dependency on the voter, with elections for every one of the 435 representatives every two years. In reality, congressmen are in constant need of campaign funding for their elections, a dependency on campaign funding making them less responsive to the public rather than more dependent, because of frequent elections (Lessig, 2011).

It may be reasonable to view the actions of participants in bribery situations by cost-benefit analysis, assuming the possibility of benefits far surpasses any economic costs. Although the harmful impact on the public may be lasting and life-threatening to large segments of the population, public indignation in some mysterious machination, is frequently viewed by the public as expected behavior by rational beings seeking to increase profits – a motivation that is acceptable in America – unlike the American public's view of the venality of a public official receiving a watch as a gift from a favor-seeker (Lessig, 2011; Rose-Ackerman, 1999).

The American press tends to focus more heavily when revealing corruption on campaign costs as the principal avenue of corruption. To a large degree, the significant escalations of campaign costs in American elections, particularly for Congressional seats, has focused on this coverage. This traditional interpretation of corruption in campaign spending throughout the nation's history had allowed Congress to ban contributions to a certain limit (Wallis, 2006). This

practice worked for over two centuries until 2010, when the limited right to free speech through contributions had been overruled.

In 2010, the U.S. Supreme Court, in *Citizens United v. Federal Elections Commission*, held that the limit on contributions to federal campaigns by corporations and unions amounted to "a denial of free speech." The *Citizens United* case changed the law, holding that corporations and unions could spend unlimited sums on ads in federal elections (Teachout, 2014; Lessig, 2011; Post, 2014).

The U.S. Supreme Court, in its current conservative mood, went a bit further in eliminating political equality theories in the 250-year practice of limiting campaign funding, by ruling in *McCutcheon v. FEC* (2014) that congressional limits on the total amount that individuals might donate to federal candidates and political action committees was a violation of federal guarantees of freedom of speech. Both the *United Citizens* and the *McCutchen* opinions together make the idea of restrictions on campaign financing virtually meaningless. Whether contributions from liberal organizations can match contributions by conservative organizations is doubtful (Teachout, 2014, p. 244).

The American press responds readily to reports of political scandals, particularly cases involving suspect illegal actions by prominent state governors and the mayors of large cities. Recently, the nation's top court created a new standard for rewards to a political official for his or her responsive actions. In *McDonnell v. U.S. Supreme Court* (2016), it was held that the State of Virginia's Governor and his wife, who had accepted loans, personal gifts and other benefits from the chief executive officer of a Virginia-based company, were not guilty of corruption and reversed their 2014 conviction by a lower court. The CEO had asked the governor for his assistance in obtaining research studies on the benefits of one of his company's products. The governor had arranged meetings between the CEO and state government officials, hosted and attended events designed to encourage Virginia University researchers to initiate studies, directly contacted government officials in an effort to encourage said studies, and recommended that senior government officials meet with the CEO to discuss how the company's products might lower healthcare costs of public employees.

Legal doctrine in American bribery cases requires that a "quid pro quo" (an offer and an acceptance) be proven. Federal prosecutors asserted that these were "official acts" undertaken in exchange (the required "quo") for the loans and gifts from the CEO in violation of federal political corruption laws. The U.S. Supreme Court overturned the conviction, observing that: "Conscientious public officials arrange meetings for constituents, contact other officials on their behalf, and include them in events all the time. The basic compact underlying representative government assumes that public officials will hear from their constituents and act appropriately on their concerns." Accordingly, the Supreme Court held that the actions taken by the Governor did not constitute "official acts" under the corruption statutes (*McDonnell v. U.S. Supreme Court*, 2016).

Since the McDonnell decision, actions only apply to direct exercises of a government official's power, such as voting for legislation or signing an order.

Activities such as urging other officials to intervene in someone's favor or setting up meetings for donors do not qualify as extortion (Doyle, 2018).

The McDonnell case has led to several reversals of high-profile political corruption convictions, including the convictions of a former New York Assembly Speaker, a former majority leader of the New York State Senate, and a former Louisiana State U.S. congressman serving a 13-year prison term, and a case against a U.S. senator was dismissed. The cases were based on federal legislation passed in 1946 that prohibits actions which obstruct or delay or affect commerce by robbery, extortion of conspiring to do so. The statute was enacted to combat racketeering in labor-management disputes but has been used in public corruption cases (Hobbs Act, 18 U.S.C., 1946).

In a recent 2019 City of Baltimore case, the local press learned that the Mayor of the City, a former state senator, had failed to disclose in state annual disclosure forms that she had entered into an arrangement for the sale of childrens books for a significant sum with a city hospital system while serving on the governing board of the system. With press exposure and following state legislation forcing her resignation from the Board, she decided to resign her position as Mayor (Duncan, 2019).

12.7 Improving oversight at the federal level of government

Although the U.S. has a federal system of government, it is essential to note that the federal level of government, within the executive branch, is a unitary form of government in that the U.S. president appoints the administrators of federal departments. Of particular interest for this discussion, the U.S. Attorney General is not only appointed by the president but frequently is an individual that is selected for reasons other than significant professional experience as a federal investigator, prosecutor or jurist. For purposes of distinction, in 43 of the states, the attorney general is elected to the office directly by the voters and is wholly independent of the state's chief executive officer, the governor. Not only are state attorneys generally independent, but they also serve as a check on state executive power. Some authors have suggested a similar arrangement at the federal levels would serve as a check on the growth of federal executive power, and provide more efficient oversight of the federal level of governance (Marshall, 2006).

12.8 Complexities in the American federal system

The United States may lead the globe on the most comprehensive array of resources assigned to the task of investigations of suspected corruption, although perceptions of corruption by Transparency International (TI) would suggest that the American public, and the reviewers for TI, believe that transparency activities in the country, with a ranking of 22 out of 180 countries, and a score

of 74 out of 100 percent, require additional integrity. This may be of particularly importance since the U.S. TI score has dropped in the last several years, from the higher rank of 17 with a score of 76 in 2015 (TI, 2018).

The variable currently creating complexity in the U.S. may well be the question (or absence) of national political leadership to continue support and leadership for the values of integrity. Under the president's wing, the federal government is comprised of 73 agencies, departments, and commissions, with approximately 2.7 million full-time civilian employees (U.S. Office of Personnel Management, 2014). The 50 states employ 5.3 million full-time employees, and the 89,000 local governments employ 13.8 million full-time employees (2012 Census of Governments). Added to the 21.8 million full-time civil servants in the United States are a multitude of elected officials: 542 in the U.S. Congress, 18,828 state elected officials and 493,200 local elected officials (U.S. Census Bureau, 1992).

The multiplicity of U.S. governments, expending about 40 percent of the total gross domestic product (GDP) in the country, assures that the temptation and likelihood of corruption are enormous. If corruption were measured by the degree of opportunity, as quantified by the number of agencies spending public dollars and the total amount of expenditures, the United States would indeed offer the highest level of opportunity for corruption of all nations. However, to assume that the size of budgets has a direct relationship to the size of corruption is to ignore the reality that refinements in legislation, comprehensiveness in legal drafting and the quality and professionalism of oversight agencies cannot be ignored (Eichenthal, 2001).

It may thus be argued that the loss of optimism by American citizens in financial and related government regulatory agencies revealed in recent Pew Research Center surveys is a major factor creating the greater sense of distrust currently apparent, which may have a significant impact on citizen demands for stronger enforcement of existing anti-corruption policies, or stronger legislation creating more significant opportunities for efficiently combating corruption (Pew Research Center, 2010; 2013; 2017). The answer to that question is not presently clear.

The relatively dysfunctional current U.S. Congress, as well as the executive branch under the president failing to follow practices of professional staffing of executive actions, has resulted in political discourse that has clouded the causes and solutions for unifying efforts toward more effective governance and strategies for reducing corruption, and efficiently addressing the continuing loss of the public's confidence in government agencies. Public trust in Congress is reflected in a recent Pew Research study indicating that while only 23 percent had a favorable view of the U.S. Congress. Federal agencies and their workers are viewed more favorably, by 62 percent of the public. In 2017, only 3 percent of the public said they could trust the government in Washington, "just about always" (Pew Research Center, 2013, 2017).

The number of federal employees engaged on a full-time basis for investigation of waste and fraud in oversight responsibilities amounts to 20,000 individuals,

including staffing the committees of the U.S. Congress, the General Accountability Office (GAO), and the inspector generals offices of the 72 federal departments and agencies, overseeing the work of 2.7 million federal employees. With its vast resources, the federal government provides the opportunity for significant efforts to investigate charges of possible waste and abuse by employees and the public.

In this chapter's following sections, the agencies directed to oversight of federal programs will be outlined; they represent opportunities for identifying efficiencies, reducing waste and maintaining oversight presence that continually works toward integrity in governance. Included in that discussion are the standing, select (special committees) and conference committees (joint House and Senate committees of the U.S. Congress; the independent GAO; the U.S. Department of Justice and its various units within the Federal Bureau of Investigation; and the inspector generals of the 72 federal agencies and departments. At times, many of these institutions interact with each other, as well as the attorneys general of the 50 states and local officials. Although the federal oversight agencies are separate and distinct in their legal authority and are empowered by different levels of government, their missions and actions frequently overlap those of state and local governments (Feldman & Eichenthal, 2013).

12.8.1 Congressional committees

Within the U.S. Congress, notwithstanding constitutional checks and balances and division of power, the American federal system provides special authority for the investigation of activities relating to the powers of oversight by specific congressional committees. Congress's most effective weapon to oversee federal government agencies and their effectiveness is the power to investigate matters relating to a Congressional committee's oversight responsibilities. Standing committees of the Congress can subpoena witnesses in their areas of expertise in their investigation of departments in their circle of accountability. Congress can also create special "commissions" to investigate public organizations, private organizations, and citizens.

12.8.2 The General Accounting Office

In addition to the investigatory powers of each Congressional Committee, supporting the Congress in its oversight function is the Government Accountability Office (GAO) an investigative body of the Congress. It may conduct fiscal audits of federal agencies and prepare reports requested by congressional committees. The GAO is headed by the Comptroller General, who is appointed by the U.S. president with the advice and consent of the Senate, for a 15-year, non-renewable term. The president selects a nominee from a list of at least three individuals recommended by an eight-member bipartisan, bicameral commission. Of importance, at times when the president is of a different political

party than the membership of the two houses of Congress, the Comptroller General may not be removed by the president, but only by Congress through impeachment or joint resolution for specific reasons.

12.8.3 Congressional committee oversight

With the creation of the U.S. Congress 230 years ago came the power to investigate and to enlighten the public on major political issues, from significant fraud and waste by federal agencies in concert with private organizations, to the airing of questions of national social and economic policies. The standing committees have the authority to subpoena under the threat of imprisonment without the constitutional guarantees of due process. The fact that issues may be raised in a public viewing at committee hearings may be the most significant power of the congressional committees. The authority for this power is in the U.S. Constitution by implication in support of Congress's legislative function. An array of precedents early in the nation's history established the right of Congress to use this power as a necessary aid to its function as a legislative body. There are 19 standing committees in the House of Representatives, and 17 in the Senate. The standing committees have oversight over specific federal departments and their operations (Schlesinger & Burns, 1975; Feldman & Eichenthal, 2013; Eberling, 1928).

Standing committees consider and shape proposed laws, and they also conduct investigations, such as the Senate Banking Committee's investigation of President Bill Clinton's Whitewater investments. The Judiciary Committee in the House is responsible for impeachments of federal officials. It approved articles of impeachment against U.S. presidents in two instances: Andrew Johnson in 1868, and William Clinton in 1998. The full House membership votes to impeach, by a majority of votes. The Senate then votes to convict, by two-thirds of the Senate membership. Richard Nixon resigned as president before the House voted on his articles of impeachment.

It must be noted that the committee members are politicians, not professional investigators, and thus frequently they have a political agenda that may or may not be beneficial to the airing of fraud and waste.

12.8.4 General Accountability Office

The GAO was created by legislation in 1921 to investigate the utilization of public funds. It is an independent agency, which provides for the U.S. Congress audit, evaluation, and investigative services. The Comptroller General of the United States, a nonpartisan position, heads the agency. The comptroller general is appointed by the president, by and with the advice and consent of the Senate, for a 15-year, non-renewable term (Light, 1993).

GAO has approximately 2,900 staff members, with about 70 percent located in Washington, DC. The GAO produces a semi-annual report providing information on its audits of federal agencies and investigations in response to

complaints about federal agency activities. During the most recent period reported, 49 complaints were investigated, and 38 were closed (GAO, 2017).

12.8.5 U.S. Department of Justice

The U.S Department of Justice is the principal federal government agency responsible for investigating and prosecuting public corruption offenses at the federal level. The agency directs the primary federal investigative function through the Federal Bureau of Investigation (FBI), an agency located within the Department of Justice.

The attorney general, appointed by the president of the United States, is the head of the U.S. Department of Justice. The department, in turn, has 39 separate components, which are based throughout the U.S. The 39 components include the U.S. attorneys located in each of the 39 field offices. The U.S. Attorneys prosecute and represent the U.S. government in federal courts. To reflect the historical (and political) role of the president as the chief executive officer of the federal government, the 39 U.S. attorneys are presidential political appointees, rather than career U.S. Department of Justice prosecutors.

12.8.5.1 The Federal Bureau of Investigation (FBI)

The FBI is the principal investigatory agency within the Department of Justice. It has the authority to investigate corruption matters throughout the federal government (involving civilian employees, military soldiers and officers, federal judges, and members of the U.S. Congress). It also has the authority to investigate at the state and municipal level whenever there is a violation of federal laws. It also assumes a role in cases where federal employees and elected officials are involved, or local and state officials if there is a possibility of an actual effect on interstate or foreign commerce or if federal grants to state and local agencies over $500,000 are involved. In keeping with good governance practices regarding the independence of chief investigative offices, the director of the FBI is appointed for a ten-year term. However, the current president has broken tradition and caused the dismissal of the FBI Director during his ten-year term.

The FBI has 18 central (Washington, DC) divisions, and also 56 field offices throughout the United States. There are approximately 11,500 special agents who investigate all corruption and other criminal matters in their jurisdictions, and 15,500 support/administrative employees. At the investigative level, the FBI has several units: Public Corruption, Governmental Fraud, and Color of Law within the Integrity in Government/Civil Rights Section of its Criminal Investigation Division. These units address corruption cases both within the national government structure and in state and local agencies, with a particular emphasis on police and the malicious denial of civil liberties by state or local police or other public officials.

12.8.5.2 The FBI's Public Integrity Section

The Public Integrity Section is responsible for prosecuting corruption cases in which public elected and administrative officials are involved at all levels of government. It should be noted that it was not until the mid-1970s that the Public Integrity Unit was created and federal investigators became involved in corruption by state and local officials. Also, there was an expansion of criminal law, making it possible for the FBI to investigate mail and wire fraud. Subsequently, there has been a significant increase in press stories and books detailing the exploits of federal and local investigators prosecuting and convicting both public office holders and private sector corruption (Anechiarico & Jacobs, 1996).

Approximately 1,000 federal, state, and local elected and administrative officials are prosecuted each year by the Public Integrity Section, of which 886 (out of 1,065 cases) resulted in convictions in 2016. Roughly 300 federal officials are charged each year, and almost all are convicted (326 convicted in 2016). Some 139 state officials were charged in 2016, and 125 were convicted, and 234 local officials were charged in 2016, of which 213 were convicted (U.S. Department of Justice, 2017).

The Public Integrity Section also operates in the suppression of election crimes and conflicts of interest crimes. The Section is involved mainly in the most critical corruption cases, usually through FBI field offices. Section officials also investigate cases referred by federal agencies, including the Offices of Inspectors General located within each of the nation's 72 federal agencies (U.S. Department of Justice, 2017).

The Civil Rights Division's Special Litigation Section conducts federal probes of 18,000 local law enforcement agencies. From 1997 to 2016, 69 investigations of local police departments have taken place, of which 40 have entered into reform agreements to end behavior by police amounting to a breach of the civil rights of citizens (The Civil Rights Division's Pattern and Practice Police Reform Work: 1994–Present, 2017).

Historically, resistance by police departments in the U.S. to civilian oversight has been gradually overcome when considerable local public and press support is evident. The creation of local blue-ribbon citizen commissions to investigate police extortion, and the creation of police internal affairs divisions, are the usual remedies. However, resistance to oversight of police operations by citizen commissions is consistently resisted by most local police departments, requiring a well-publicized police brutality event to facilitate sufficient public insistence for citizen oversight to become a reality. A discussion of police corruption in New York City during an era of high corruption levels may be found in Baer and Armao (1995).

12.8.5.3 The FBI and local police interactions

Currently, U.S. Department of Justice investigations are underway in 29 large American cities, investigating police brutality, and particularly the shooting of

citizens by local police department officers. Police departments that are behaving poorly tend to be in the smallest towns where fewer members of the press reside, and where police departments do not have funding for internal auditing of police behavior. Approximately half (49 percent) of the 18,000 local police departments have ten or fewer police officers (U.S. Department of Justice, 2008). In a research study funded by the National Institute of Justice, it was determined that only six or fewer police officers in all of the local police departments in the U.S. were charged annually with murder over the period from 2005 to 2011, perhaps reflecting the difficulty of convincing grand juries that the use of deadly force may not have been warranted. In 2015, the federal governments provided $20 million for the purchase of body cameras by local police departments, and the press has effectively promoted their use in local departments (U.S. Office of Justice Statistics, 2013).

12.8.5.4 The FBI's Fraud Section

Created in 1955, the Fraud Section focuses on business crimes such as financial institution and insurance fraud, and fraud involving federal government programs. The Fraud Section leads or forms partnerships with FBI white-collar crime enforcement programs, including Securities and Financial Institution Fraud, Complex Corporate and International Fraud, Internet Fraud, Health Care Fraud (involving 40 million health beneficiaries with payments of $220 billion a year), and Bankruptcy Fraud. During fiscal years 2000 and 2001, 119 defendants were indicted, and 112 defendants were convicted (U.S. Department of Justice, 2000/2001).

Other priorities include international criminal activities, such as bribery of foreign government officials in violation of the *Foreign Corrupt Practices Act of 1977*. The Act also requires foreign corporations whose securities are listed in the U.S. to meet specific accounting provisions. The accounting provisions, which were designed to operate in tandem with the anti-bribery provisions of the act, require corporations covered by the provisions to keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls.

12.8.5.5 The FBI's Organized Crime and Gang Section (OCGS)

The Organized Crime and Gang Section (OCRS) of the FBI was established in 2010, merging the Organized Crime Section with the Organized Crime and Racketeering Section, and the National Gang Targeting, Enforcement and Coordination Canter. Prosecutors are designated as "strike force" attorneys and are moved into U.S. attorney offices in these cities.

Performance of the Section regarding prosecutions and convictions are understandably not available for public distribution, unlike indictments and prosecutions of other sections. Information about the fight against organized crime is more likely to be in private reports and books, a large part implicating

the highest officials in the federal government, including U.S. president Ronald Reagan. One source reports that President Reagan allegedly revised the federal budget the first opportunity he had as president by "reducing by one-third the FBI's budget for investigations into gambling, prostitution, arson-for-profit, gangland murders, and pornography," along with a hiring freeze and dramatic staff reduction within the FBI in response to requests by a close friend who was also a U.S. senator from Nevada asking for the reduction of a strike force against organized crime in Las Vegas (Moldea, 1989, p. 340).

12.8.6 Inspector generals (IG's) in the 72 federal departments

Totally outside the structure of the U.S. Department of Justice are the 73 departments of the federal government. Each of the 73 federal departments has inspector generals (IG's) whose responsibility is to identify waste, fraud, and mismanagement by staff within their assigned federal departments or agencies. IG's are appointed by the president of the U.S., subject to confirmation by the Senate of the Congress, and can be removed only by the president of the U.S. Thus; they have a quasi-independent status within their assigned agencies, that is, independent from the federal departments and agency personnel and leadership, but subject to presidential oversight. The IG's also may recommend policies for activities designed to promote economy, efficiency, and effectiveness in their agencies. Accordingly, they perform both fiscal audits of their respective agencies and activities, and also performance audits to determine whether their agencies and the respective programs are meeting congressional goals and providing the level of services anticipated by federal legislation. The Inspector General program was initially created in 2008 and was amended in 2016 by the Inspector General Empowerment Act of 2016.

The arrangement provides independence from interference by agency heads or agency staff. The IG's also have direct access to the agency head and freedom to investigate and have complete access to information necessary for their work. Unlike the U.S. attorney general, IG's are expected to be selected without regard to partisan political loyalties (Barofsky, 2012). The general jurisdiction of these IG offices was further enhanced with the passage of the *Whistleblower Protection Act of 1989*. The statute created the Office of Special Counsel as an independent agency within the executive branch of the federal government, charged with enforcing legislative protections against retaliation for the reporting of a broad range of protected disclosures (Light, 1993).

In FY 2016, 13,000 employees at the 73 Offices of Inspector Generals conducted audits, inspections, evaluations, and investigations, reportedly saving approximately $45.1 billion. The potential savings total includes: $25.2 billion in potential savings from audit recommendations agreed to by management and $19.9 billion from investigative receivables and recoveries. Moreover, 5,019 audits were conducted at the 73 agencies; 24,802 investigations were undertaken; 5,120 indictments were issued, along with 4,894 successfully prosecuted. (Council of the Inspectors General, 2016).

12.9 Combating corruption in the 50 states: the 50 Attorneys General

Each of the 50 states of the United States has a law enforcement official known as the attorney general. Unlike the U.S. Attorney General, who is appointed by the president (and for many appointments a close personal associate of the president), in almost all states (43 states), state attorneys general are elected by the public directly and remain entirely independent of their respective state governors. They are not members of the state governor's cabinet.

The attorneys general usually serve as heads of a state department of Justice, with responsibilities for oversight similar to those of the U.S. Department of Justice. Additional powers of the attorneys general include consumer protections; open meeting laws; antitrust and utility regulation; enforcing federal and state environmental laws; representing the state and state agencies before the state and federal courts; handling criminal appeals and serious statewide criminal prosecutions, and instituting civil suits on behalf of the state. Each state has a different history and assortment of duties for its office of the attorney general. In several states, the attorneys general have campaigned vigorously in support of consumer protections against potentially harmful consumer goods and in support of environmental causes, issues that frequently may place them at odds with counterparts at the federal level (Myers & Ross, 2007).

Attorneys General are frequently referred to as "the people's attorney," a phrase reflecting their role as a champion outside the traditional legislative-executive governmental system (Ruben, 2011). In five states, the appointment of the attorney general is by the state governor and may be terminated by the governor of the state. In one state (Maine), the attorney general is selected by secret ballot of the legislature, and in one state (Tennessee) by the state's supreme court. In the District of Columbia, the mayor appoints the attorney general (National Association of Attorneys General, 2007).

A trend of the last several years has been the increasingly cooperative working relationships the 50 attorneys general have forged with their federal counterparts, particularly with local FBI offices and federal attorneys within their states to address criminal cases, both local and international. Many state attorneys general have also joined together on a multistate level to conduct investigations involving securities fraud and Internet crimes, or joint campaigns against dangerous energy products and other consumable products. The aggressiveness of these joint efforts has recently revitalized lobbying organizations, which in turn have generated increasing amounts of campaign contributions that have reportedly gone to reward attorneys general that have begun to withdraw their state's involvement in such joint efforts. There are relatively few revolving-door restrictions or disclosure requirements governing state attorneys general, who serve as "the people's lawyers" in their states, and who serve to protect consumers (Lipton, 2014; Myers & Ross, 2007).

The fact that 43 of the states' attorneys general are elected, and require campaign funding to achieve reelection, much the way that U.S. congressmen and

state governors require campaign funds for reelection, has created an anomaly balancing the collective power of lobbyists against "the people's lawyers."

12.9.1 Ranking the relative strength of state integrity laws

An analysis of the effectiveness of public efforts to control corruption will necessarily involve a variety of strategies. One method for examining the relative strength of laws that promote and potentially affect ethical governmental performance is to rank governments (states in this instance) as Transparency International ranks nations. Thus, states have been given scores in categories of accountability and transparency that reflect a state legislature's efforts to reform and to pass legislation that creates a higher degree of transparency that improves good governance. The scores are then averaged within broad categories of integrity, and the states are ranked.

The Better Government Association (BGA), a Chicago-based organization, began this effort in 2002 in an attempt to bring attention to the pervasive corruption evident in the State of Illinois, long believed to be the more corrupt and the most resistant state to legislation tempering corruption in the nation. The latest survey is known as the "State Integrity Investigation 2015," conducted by the Center for Public Integrity.

Comparisons of state scores provide some direction, particularly over time, on progress and the degree of legislative willpower exerted to adopt legislation. Regrettably, all 50 states are performing inadequately, failing to achieve adequate levels of transparency, and failing to reduce waste and fraud within their states, but some states are performing relatively better than others.

The focus is on legislative measures to open up government to greater transparency. Also included are rankings for adopting open meeting laws, conflict of interest laws, and whistleblower laws. Reflecting the reality that the comprehensiveness of legislation in integrity areas is less than desirable, most states received failing grades. The average of all scores for all 50 states was a D minus.

It is important to note that the states' scores do not measure compliance with state laws, but with the strength of the legislation requiring more stringent levels of transparency, openness, employee protections and accountability in government. The message is not that legislation setting integrity standards in most states is weak but that in many states, legislation is absent, or ineffective. Notably, in the 2015 survey, only two states had a "high" score of "C," while 12 states had a score of "F." Regrettably, the previous ranking in 2003 gave slightly higher scores to the 50 states, with three states receiving a C grade and 11 states receiving an F grade.

12.10 Combating corruption and abuse at the local government level

Despite their numbers and relatively smaller size in population and resources, virtually every local government has an annual financial audit, in most instances,

because federal dollars are involved, and federal agencies awarding grants require accountability for services rendered and oversight of financial activities. Also, every local government wants to receive a relatively high score in the bond market so that the costs of borrowing for infrastructure projects will be lower and not require higher taxes and correspondingly higher taxes for lack of creditworthiness that may be affected by press reports of local corruption (Eichenthal, 2011). The process of auditing accounts at the local level may be through internal audit departments within local finance departments or in another local agency set up for that purpose. Alternatively, independent auditors may conduct audits. Financial audits frequently do not speak to performance, but they do provide a report of financial matters, and thus, they are useful tools to bring fraud into the light (Wheat, 1991).

There are over 13,000 local government police agencies in the United States. There are approximately 700,000 sworn law enforcement officers at the city, town, and county levels. It is difficult to document or generalize their characteristics regarding anti-corruption capabilities, but many of the larger cities and counties have a special anti-corruption unit focused on developing anti-corruption intelligence, integrity testing and reacting to information received (U.S. Department of Justice, 2017).

12.10.1 Anti-corruption agencies in local U.S. governments

The principal legal officers in local governments in the U.S. are independently elected district attorneys, sometimes referred to as state's attorneys. Approximately 2,800 district attorney's offices are active in the United States, primarily in almost all of the (over) 3,000 counties and also in the larger cities. Investigations and prosecution of suspected criminals are the responsibility of these offices, which process individuals suspected of a crime through the procedure of indictment by a grand jury. Grand juries comprise citizens called to service in the same way that juries are selected in the United States. Once indicted, a defendant is prosecuted in a trial by the local district attorney (or attorneys in the district attorney's office in larger communities.

Attention to oversight or investigations of local corruption depends on the culture and resources of each particular local government. Corruption frequently is viewed by law enforcement agencies in rural communities as a relatively minor crime, as long as violence is absent, or the public's health and safety are not harmed in any obvious ways. For cases involving public expenditures, audits revealing corruption will be utilized, with the local press overseeing progress and anticipating scandal (Baer & Armao, 1995).

12.10.2 Local land use decisions and corruption

A majority of corruption cases in local governments entail land-use decisions that have elements of criminality, such as bribery, in some form. Every new commercial building and private multi-residence developments of a relatively

large scale are subject to zoning codes and building permits. In every American community, there are competing arguments for new developments featuring employment opportunities for current and new citizens, or citizens or affected residents favoring a steady state of varying preferences. Current businesses may see employment, and coincident increases in population growth as positive changes, while current residents may prefer maintaining a small-town environment of social interaction and rural environmental character.

The United States has had little experience with government development of "public planned communities" as seen in other developed societies. In the mid-1930s, a close advisor to U.S. president Franklin Roosevelt, Rexford Tugwell, was able to implement the planning and construction of three federally created planned towns. Only one survived, in the suburbs of Washington, DC. Notable for the planned town movement, it was titled "Greenbelt." Today, Greenbelt is a high-rise commercial canter in the near suburbs of Washington, DC. The federal government divested Greenbelt's ownership of Greenbelt in the 1940s, and while Greenbelt's original central street and the business community can be viewed today, its "green spaces" were sold off, by the town's citizens to private interests in the 1960s, to pay for civic improvements. The green spaces soon were passed on to developers who see density as profit.

The U.S. Congress passed legislation in the late 1960s to guarantee the financing of a national program of "New Communities," both in suburban and urban settings throughout the United States. The legislation included a number of mandatory national social goals, such as mixed-cost and mixed-race homes, in return for federal guarantees of developer financing costs or the purchase of land and housing. With a rapid rise of interest rates in the early 1970s, reaching as high as 18 percent, the federally approved private developers withdrew from the program, and the national new communities program expired.

Unlike European city planning policies, American communities are undeterred by central planning. Cities may expand into rural landscapes virtually at will. New roads and water and sewer systems may be constructed by community leaders limited only by fiscal resources. Sprawl is generally the future for every American community, with population and businesses overflowing old community limits until community borders are merged into larger and denser metropolitan communities. With business decisions generally overwhelming the limited resources of citizens favoring rural settings, development of housing and business is the national rule in most communities and counties on the edge of urban canter. Building new schools, water, sewerage, and storm systems, and widening older roads, initially the result of development and continuous growth, becomes the motivations for the addition of tax revenues to pay for needed new social and educational infrastructure.

Most American cities and county leaders search for attractive, environmentally safe employment developments for new jobs and new taxes. Devising a variety of schemes that frequently provide tax relief or other public costs as a means of accomplishing development has become the objective of most communities (Chapman, Collen, & Kim, 2007). From the perspective of large

national business activities operating a chain of retail stores, there is a continuing search for new business locations, particularly optimized by local community fiscal attractions, such as tax relief over a period of years.

Chain stores may employ "expeditors" who come into a prospective community and begin the process of obtaining changes in land use regulations and obtaining building permits for low-cost undeveloped land, changing the character of shopping habits for a community's citizens. In these cases, bribery may be employed, engaging in sophisticated methods for causing land-use changes that are beyond the capabilities of formerly rural communities to effectively resist. (Barstow & Von Bertrab, 2012; Rothwell & Massey, 2010).

Without effective limitations on growth exercised by state governments, mass transportation is generally lacking from central cities to suburbs and exurbs. While trolley lines may have been the first efforts to drive development into the suburbs in the early 1900s, it was the federal national highway system supported by President Eisenhower after World War II that connected major cities to their suburbs. Additional roads have helped to fill in the suburbs and expand development beyond the suburbs to the exurbs. Without effective land use planning, overdevelopment of the expanding metropolitan suburbs is generally employed as a rational for constructing mass train infrastructure, to relieve automobile congestion after the fact, rather than as a guide for development. Consequently, metropolitan development in the United States will continue to fill in rapidly between existing spokes of highways, causing a continuing reliance on private automobiles, and continuous congestion.

America's land use planning and policies are adversarial, entirely consistent with its judicial and political systems. American courts function as referees in an adversarial contest. Lawyers are contending as advocates pleading facts and versions of regulations and laws, not to present the facts objectively, but presenting their most persuasive case for their client, whether that be a town or a landowner.

12.10.3 New York City Department of Investigation (DOI)

The City of New York is the one city in the United States with the sophistication and resources to effectively address multitudes of bribery and fraud in the work of 80,000 city employees, and building developers seeking to save time on construction projects and to obtain land use changes with questionable ethical considerations.

The city has an incomparable investigative unit of 700 employees focusing on corruption, titled the Department of Investigations (DOI). The DOI is an independent and nonpartisan oversight agency for New York City government, with the director appointed by and reporting to the mayor. Sixty staff members are assigned to audit functions. Three hundred and thirteen employees support agency operations. The Department's budget in 2019 is $54,344,000 (Budget for 2019). Forty-seven city commissions and departments, and ten independent agencies have inspector generals, just like federal departments, but the inspector

generals in New York City report to the DOI rather than to the City's legislative body or chief executive (Anechiarico & Smith, 2008).

Whether New York City is more corrupt than other large cities may be difficult to determine, and at times, it was proposed by mayors to be a national model of honest government. It is, however, distinctive for the degree of corruption reform it has experienced. More importantly, it offers examples of the interplay between public administration and anti-corruption agencies, and it also serves as an example of both federal and local and state and local interactions among and between anti-corruption agencies. Fortunately, most States have adopted land use regulations that require controls over bribes and other rewards for public decisions controlling land development. Concurrently, the economic drive for continuous business expansion places pressures on local policy decisions based on land-use controls and a process of contests for civic, private, and social goals.

12.11 Conclusions

Efforts to overcome corruption in the U.S. are complicated and extremely difficult to achieve. An analysis of the difficulties in legislative efforts is apparent more at the state level with 50 state legislatures working in relatively short legislative sessions. Efforts to preserve the status quo are repeatedly demonstrated in the way of impediments to progressive legislation necessary for transparency. Studies are forwarded, but the implementation of proposed model legislation is partial and incremental at best. Many proposals for reform reach the level of consideration by legislative bodies, but few move toward acceptance by the appropriate committee, much less a majority vote of a legislature and a signing by the chief executive.

Maintaining established practices allow legislators to avoid programs supporting integrity in the operations of public agencies. Ethics training and codes, or appeals for "good government," may operate to change the behavior of public sector employees, may create new commissions and recommendations for reform, but rarely impede the workings of the private sector in the political world. Rankings of legislative effectiveness reveal the relative weakness of integrity requirements.

The influence of continuous development throughout suburban areas of growth in the nation's metropolitan areas has fed the housing and construction industry, highway, and road construction industries. Moreover, the development of retail chain stores and shopping centers is transforming the nation into a collection of metropolitan regions. The level of corruption in relations between public officials and industry and their expeditors are more keenly observed at the local level. Land-use laws in place for decades will fall to the invasion of builders promising economic development and wealth for citizens and towns. Small-town newspapers tend to support efforts to develop local economies. The national press tends to focus on corruption in large cities, presenting details for public consumption and possibly creating the illusion that waste

and fraud has been adequately addressed and that corruption is not a serious concern in the United States.

The reality, however, is that the reduction of corruption in the American government may depend entirely on the success of oversight agencies providing transparency in dealings between public organizations and counterparts in the private sector. However, the cost may be a diminishment of public sector innovations and creativity under growing centralization and standardization (Denhardt, 1981; Anechiarico & Jacobs, 1996). Creating ethics training and codes, together with adequate oversight, requirements of financial and performance audits and blue-ribbon citizen commissions to independently review government accountability shortages and practices, will all contribute to the continuing battle to avoid and impede corruption. The vast number of jurisdictions in America provides innumerable laboratories for experimentation with good governance, reform, accountability, and some hope that citizen trust and confidence in government will be sustained.

States with well-informed and highly participatory political cultures may have lower levels of corruption. Large cities, with their history of corruption, appear to have more opportunities for corrupt activities and difficulties in breaking away from past cultures of machine politics and their support of corruption at every level of big-city governance. Moreover, greed seems to be the motivation for corruption at all levels. Large suburban counties tend to have sophisticated mechanisms for internal management improvement and oversight of government-private interactions. The tendency for the press to focus on individual "big" cases may create the impression that each successful case terminates corrupt practices, misleading the general public about the pervasiveness of corruption.

There appears to be a bias in the literature that suggests that integrity agencies providing oversight and penalties will not adequately address corruption. The emphasis has been on creating a culture of ethical behavior in the hope of eliminating corrupt behavior. However, without legislation creating effective oversight institutions, there remains a lack of a foundation and a comprehensive approach to integrity.

For many reasons, including the high number of jurisdictions in the United States, and the enormous size of public budgets and public employment, as well as the enormous level of economic activity in the United States, corruption is a continuing challenge. Enduring improvements in oversight will depend on the continuing efforts to maintain a high level of ethical conduct, creating a culture of professionalism in the public service, the adoption of comprehensive and effective oversight mechanisms to assure that corruption will be identified and successfully addressed, a recognition of the political and problematic nature of public administration, and a recognition that excessive centralization intended to control corruption needs to be tempered by efficiencies in administration that promote and supports creativity and innovation.

Effective oversight of the incredibly complex American public service is where the controls of excesses must and can be successfully established. There is

sufficient evidence available to demonstrate that oversight and accountability of public, and private but publicly supported entities, can be accompanied by calls fr management improvements. Oversight and accountability are useful tools to control excesses of greed, can improve public confidence in the management and workings of the public sector and ensure proper management of public finances while improving performance.

Performance audits are required in some states and large local governments. Many state governors utilize annual output numbers to demonstrate cost savings and improvements in performance by state agencies. Financial audits are almost uniformly required in all the states and uniformly required of local governments by state legislation (The Center for Public Integrity, 2015).

Management by results is gaining favor as a public management strategy, mainly by progressive governors who are trying to create a culture of measurable results that can be utilized to demonstrate greater effectiveness in the public sector's performance. This is perhaps a distinctly American view of why accountability is essential in the public sector. Getting the job done is paramount to reelection, and the press responds to positive performance (Kettle, Ingraham, Sanders, & Horner, 1996; Newland, 2007).

The argument can be made that a "certain" level of distrust is healthy and constructive, given that it serves as motivation for demanding accountability by the government for its actions. The American concept of balance of power between executive, legislative, and judicial functions, and the need for audits and accountability, therefore, may be viewed positively as institutionalized expressions of citizen distrust (Hardin, 2002; Montinola, 2002; Uslaner, 2002).

Dependency on campaign contributions, particularly for seats in the U.S. House of Representatives, reveals a goal of dependency on the people, with elections for every one of the 435 representatives every two years. In reality, congressmen are in constant need of campaign funding for their elections, a dependency on campaign funding making them less responsive to the public rather than more dependent because of frequent elections (Lessig, 2011).

It may be reasonable to view the actions of participants in bribery situations by cost-benefit analysis, assuming the possibility of benefits far surpasses any economic costs. Although the harmful impact on the public may be lasting and life-threatening to large segments of the population, public indignation in some mysterious machination, is frequently viewed by the public as expected behavior by rational beings seeking to increase profits – a motivation that is acceptable in America – unlike the American public's view of the venality of a public official receiving a watch as a gift from a favor-seeker (Lessig, 2011; Rose-Ackerman, 1999).

It may be important to note that in American governance, local governments may only undertake the delivery of services authorized by their respective states. Generally known as Dillon's Rule, states strictly apply it to local governments within their states. Localities are also guided by legislation that mandates various levels of integrity. For example, without state mandates regarding openness in public decision-making, each of the 90,000 local jurisdictions would be

free to ignore transparency requirements or auditing standards. The opposite is also a reality. Without the authority of specific state legislation, local governments attempting to adopt transparency practices may be challenged for adopting practices without state legislative authority (U.S. Advisory Commission on Intergovernmental Relations, 1993; Wheat, 1991).

The increasing reliance on higher authority for the adoption of positive programs of compliance requiring ethical conduct in governmental affairs has its positives and negatives. It restrains the states and local governments from imposing unjust laws, but it also places accountability at a higher level. Reliability on federal investigations and authority to effectively investigate and prosecute local misdeeds of corruption places accountability at a higher level. Giving up responsibility may also lead to giving up accountability and the independence that local accountability provides to citizens.

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13 Latin America

The proliferation of public organizations

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13.1 The fading impact: brief introduction

Synthesizing the effort undertaken against corruption in Latin America is not an easy task. The region shares language and some historical and cultural features. However, formulas tested by governments (as their own initiative or as a result of social, political, or economic changes) against corruption have not had a common goal as a region. The transfer of experiences between countries is not easily accomplished because local politics shape the effort. Even within the same country, the sum of actions announced as part of an anti-corruption strategy varies between terms of office.

The existing literature on corruption in Latin America has been developed relating this phenomenon with social inequality and poverty (Carballo, 2010) or as a source of insecurity (Ungar, 2013). This chapter aims to explore the nature of the organizational effort undertaken in Latin America by examining the various organizations that have been established to combat corruption and how they intend to put into practice the responsibility that was assigned to them.

What is the situation of Latin America with regard to corruption? In general terms, two broad categories of measurement can be identified as proxy indicators of corruption: (1) perception-based indicators; and (2) experience-based indicators. The perception-based indicators are composite indexes that aggregate the perceptions of different actors and stakeholders related to corruption levels, whereas the experience-based indicators are built by polling citizens about their experience in dealing with corruption.

The corruption perceptions index (CPI) has been prepared by Transparency International (TI) since 1995 and is one of the few constant measurements over time. Without going into the discussion of whether this measure captures a phenomenon as complex as corruption, the CPI offers a valuable overview of many countries since 1995, and almost all of them from 2003 to the present. Certainly, it is not intended that this chapter will use the CPI as a source of fact rather than perception, but it does offer one measurement that has gained considerable usage in the literature about corruption.

What is the general picture of the Latin American region according to the CPI? According to the 2018 report, where 180 countries are given a score from

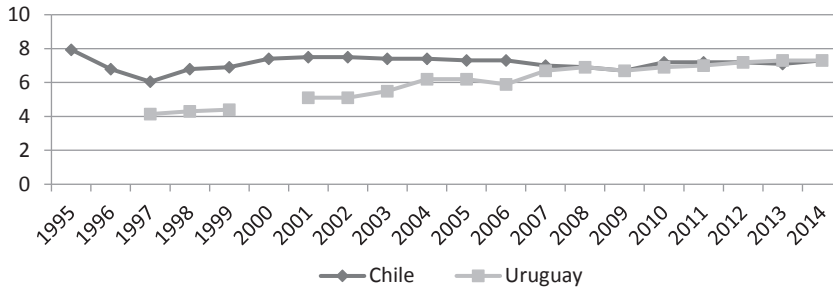

Figure 13.1 CPI scores for Chile and Uruguay, 1995–2014.

Source: www.transparency.org.

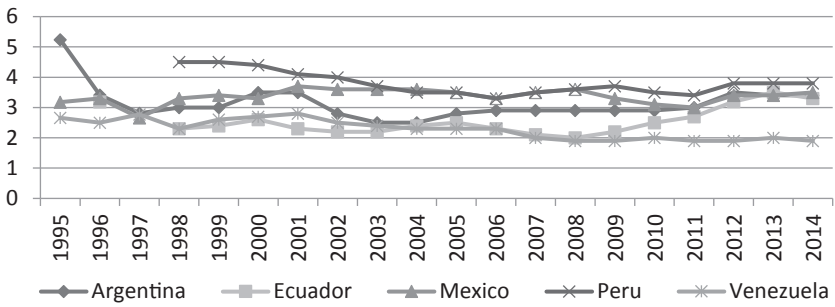

Figure 13.2 CPI scores for selected Latin American countries, 1995–2014.

Source: www.transparency.org.

0 (high perception of corruption) to 100 (very clean perception), only two countries in the region have consistently had a rating of about 70: Uruguay and Chile.

What has been happening in the region since the CPI was first established in 1995? An examination of the scores that have been received over time offers material for reflection. In the case of the two countries with the highest scores for 20 years (see Figure 13.1), Uruguay and Chile have presented a clear positive trend, while the remaining large nations (see Figure 13.2) have similarly maintained the same range of scores between 30 and 50 for more than a decade. Therefore, according to the CPI, except Uruguay and Chile, countries in Latin America have remained within the same range of scoring. It is as if the various measures that have been undertaken to address corruption by the different states in the region have had little or no impact.

13.2 Latin America against corruption

As experts in the field have noted, many anti-corruption initiatives applied in Latin America have not produced the expected outcomes, but there are some

successful examples, nonetheless (Rojas Aravena, 2006). Until 1996, and publication of the 1995 Corruption Perception Index, corruption in countries was considered a matter of domestic politics, so various international directives and recommendations were not implemented (Kaufmann & Dininio, 2006). From 1996 to the present, the international agenda has been to push for standards, good practices, and to share knowledge about how governments can fight against corruption. In Latin America, each country maintains its approach for dealing with this issue. This makes it virtually impossible[1] to get a convenient classification from the various experiences in Latin America. However, they share some similarities. According to Nieto's (2004) analysis, anti-corruption campaigns implemented so far in Latin America have promoted the participation of civil society in a variety of ways: through raising the public's awareness regarding the negative phenomena of corruption; encouraging participation in the political process; creating mechanisms for the detection and publicity of corruption; and establishing institutional mechanisms to prevent and effectively punish these crimes. For the region, the motivation behind these efforts may not be the general interest but the political calculus of leaders who, to avoid losing power, implement all these strategies (Hochstetler, 2008). This difference is not minor: as a calculated political measure, those who are effective in this strategy can secure another term in office.

This risk factor seems to be part of the public management culture that could be described using the seven negative legacies highlighted by the Latin American Center of Administration for Development (CLAD – from its Spanish name *Centro Latinoamericano de Administración para el Desarrollo*), a well-respected regional think-tank: (1) patrimonialism; (2) bureaucratic formalism; (3) an incomplete modernization process generated by bureaucratic isolation; (4) the fragility of public management in the social area; (5) excessive centralization; (6) the imitation of foreign formulas; and (7) the democratic deficit (CLAD, 2010). All of them lead to corruption.

Patrimonialism is expressed, on the one hand, by the existence of political oligarchies and, on the other hand, the ability of economic interests to influence government decisions, leading to a situation of public power by private companies. The bureaucratic formalism and its coexistence with an incomplete process of modernization favored patronage as a natural practice in the relationship between government and the governed. The model of government intervention used in Latin American in the second half of the twentieth century gave greater importance to economic instruments as a way to produce autonomous national development and the creation of a public administration capacity capable of guaranteeing social citizenship.

The results of this vision of economic development were heterogeneous in the region, but in most of the states in question, they did not achieve success. The excessive centralization, the imitation of foreign formulas, and the democratic deficit completed the "perfect storm." The fight against corruption is an issue on the broader regional agenda as a means of counteracting the negative effects of these legacies. It is driven by two different initiatives: first, the efforts

from CLAD; and second, the work that is being done by the Inter-American Convention Against Corruption (IACAC).

13.3 CLAD: the alleged modernization of public administration in Latin America

CLAD is an international public organization, established in 1972 as an intergovernmental initiative by Mexico, Peru, and Venezuela, to promote the modernization of public administration in the region. Its headquarters are located in Caracas, Venezuela, and it serves as an important source of information and best practice for the region.

In 1998, CLAD released the document *Una Nueva administración para América Latina* (A new management for Latin America) as a means of proposing some adjustments to new public management (NPM) taking into account the regional context. CLAD, which brings together academics and practitioners, has identified several instruments that should lead to a reduction in corruption in the region. Its work is based on one central idea: *modernization*. In its fight against corruption, CLAD has proposed a modernization process that will build a professional civil service system and, in doing so, increase levels of confidence in public administration and government efficiency (CLAD, 2003).

As part of the first agreements to fight corruption that CLAD has orchestrated, it promotes the idea of transparency as public policy (CLAD, 2007). Furthermore, it advocates the establishment of mechanisms to promote citizen participation (CLAD, 2009). These agreements are published as letters or codes and are signed by ministers related to public administration in all Latin American countries. The agreements outlined in these documents identify high standards expected from modern public administrations as well as guidelines to implement them, but they are merely a reference and signatory states are not obliged to follow through on the recommendations.

13.4 IACAC: monitoring commitments

Member states of the Organization of American States (OAS) adopted the IACAC in March 1996. As an international legal instrument with a holistic approach, which treats corruption as a transnational phenomenon, it has served as inspiration for other treaties with similar purposes. The convention and its monitoring mechanism (MESISIC, by its initials) are recognized in the region as an important instrument of control as well as a platform for learning and the exchange of experiences. MESISIC includes North America and is not confined to Latin America, but this section will focus specifically on this latter region.

Most of the work in recent years, as a result of the IACAC, has taken place at the regulatory level: preparing new laws or reforming the ones that signatory states already have. Bolivia, for example, published a policy (*decreto*,[2] a kind of specific law) that establishes general guidelines for actions, programs,

and projects, all of which promote ethics among public servants in all governmental organizations across all levels. A law about the right of access to public information was published in Brazil. Colombia has adopted a new anti-corruption *statute*[3] (a law) that prohibits public servants from seeking employment in the private sector and vice versa in order to avoid conflicts of interest. This *estatuto* also restricts contributions to political campaigns from contractors of the government. Costa Rica changed its law against corruption and illicit enrichment in the public service; also, it expanded the list of staff forced to declare any patrimonial situation. El Salvador adopted a law on ethics in government in order to regulate and promote the ethical performance in subnational and municipal public organizations, to prevent and detect corrupt practices and punish acts contrary to either the obligations or the ethical requirements of all public servants.

As part of their commitment to IACAC, countries must report on the signing of agreements and commitments that they are making to reduce corruption. In Argentina, the Anti-corruption Office signed an agreement with the Ministry of Security by which it assumes as part of its responsibility the design and development of programs of cooperation among departments in addition to technical assistance and training in areas related to policies of transparency and control in government administration and management. These agreements are more a political event and not necessarily an effective policy.

Finally, countries report about training initiatives and the dissemination of values and ethics. Nicaragua, for example, has a so-called National System for the Promotion and Education of Values in Public Administration. In November 2012, Panama opened the Regional Anti-Corruption Academy for Central America and the Caribbean (ARAC), which is a joint venture with the National Council for Transparency and the UN Office on Drugs and Crime. Its work is in the early stages dealing mostly with the training of public servants.

13.5 Special organizations to fight corruption

A call for ethical behavior is not sufficient. Efforts to fight corruption in Latin America have been manifest in the establishment of specialized agencies that should be able to interact at the same level as the legislative, executive, and judicial branches of government. There is no model to guide how an anti-corruption agency should be set up in the region: it is like a continuum where each country tries its model. This lack of best practice to serve as a reference for the region should be noted as a serious issue. Understanding that each country has its approach for dealing with corruption, the most significant cases and their most outstanding characteristics are outlined below. What emerges is a general snapshot of each country's approach at the time in which this chapter was written. It serves, of course, as a reference. However, some details, as well as the dynamic nature of the work and reconfiguration of the anti-corruption agencies, are not fully evident.

13.5.1 Argentina

Argentina is a federal republic, which allows the coexistence of a federal government and 24 districts (23 provinces and Buenos Aires, which is established as an autonomous entity, according to article 129 Constitution of Argentina [CA]). It has a presidential system of government and power is divided between the legislature (with two chambers – Deputies and Senate), the executive branch and the judiciary. The Argentinian federalist arrangement allocates powers to provincial governments in a subsidiary manner in the case that they have not been expressly delegated to the national government (article 121 CA).

The Anti-corruption Office (OA) was created in 1999 (Law 25.233) in order to develop and coordinate programs to fight against corruption. At the same time, it possesses the power of investigation and prosecution of offenses. The person in charge of this organization has the position of secretary, that is to say, the equivalent of the first subordinate level of the president of the republic.

The OA is not empowered to carry out investigations pertaining to the legislature, the judiciary or the provincial administrations and municipal agencies. Work in this latter realm derives from the *Plan Provincias*, which is designed to promote procedural policies of transparency and the control of corruption in the provinces and municipalities. This first pilot stage of the provinces' *Plan* was funded by a grant from the World Bank. In the first stage, this *Plan* focused on the provinces of Chubut and Mendoza. In order to create a better understanding, as well as to strengthen and build partnerships to work together on the creation and realization of provincial projects, this plan works on three main axes: government, civil society, and academia.

13.5.2 Bolivia

Originating from a law known as "Marcelo Quiroga," Bolivia has instituted the National Council for the Fight Against Corruption (CNLCC – from its Spanish name, *Consejo Nacional de Lucha contra la Corrupción*), an entity identified as independent of the legislative, executive and judicial branches. However, some of the organizations that integrate CNLCC are subordinate to the national executive branch. Specifically, CNLCC includes the Ministry of Transparency and the Ministry of Government. They work with some representation from civil society. They must meet at least four times per year. Moreover, the CNLCC is required to report annually to the president of the Bolivian State, and the pluri-national, e.g., multiple ethnic groups) within the country's national legislative assembly and civil society.

The national effort includes general courts and anti-corruption courts. The attorney general must have a team of special investigators and police agents specialized in the matter. According to law, they are subject to a permanent assessment system implemented in each institution, taking into account the guidelines established by the Council.

13.5.3 Costa Rica

The Office of Public Ethics, created by law in 2002 (Law 8242), is subordinate to the attorney general of the republic. That legislation adds new responsibilities to the attorney general related to the combat against corruption. The incorporation of these new responsibilities is understood to be a consequence of a series of changes associated with a national system for human rights that was developed many years ago. Initially, the Office of Human Rights was created in September 1982 as a public organization under the attorney general's command. As a part of that same legislation, the figure of the attorney of the consumer was established. Subsequently, the human rights defender in criminal matters and the defender of the refugees were created. Later, as part of the Ministry of Justice, specific measures were implemented to ensure the protection of the rights of women and children. With the approval of the law on the promotion of the social equality of women, a general ombudsman for human rights was created.

13.5.4 Peru

Following the resignation of Francisco Tudela, Peru's vice president under the Fujimori administration, and the dismissal of Martha Luz Hildebrandt, the lawyer, Valentín Paniagua Corazao, president of the Congress, assumed the presidency temporarily from November 22 to July 28, 2000. This short period of government was enough to reinforce the foundations of a successful anti-corruption system. Ten years later, however, that effort was diluted.

After a peak for that system, characterized by the existence of a clear judicial mechanism, the executive branch initiated the National Anti-corruption Initiative (INA), a plan whereby the executive (not the judicial branch) would take responsibility for dealing with corruption. Then, shortly after that initiative was launched, Toledo's government created the *Comisión Nacional para el Combate a la Corrupción y Promoción de la Ética y la Transparencia en el Sector Público* (translated as the National Commission for the Fight Against Corruption and Promotion of Ethics and Transparency in Public Administration), headed by a presidential advisor, who the press wrongly called the "anti-corruption tsar" (Proética, 2004).

In February 2004, the president of the council of ministers announced a Plan of Action Against Corruption, which contained a package of immediate measures to fight corruption. During his tenure, a National Anti-Corruption Office was established. This Office lasted a few months and developed a National Plan Against Corruption. It was followed by the Anti-Corruption Commission of High Level, which criticized the infeasibility of the plan drawn up by the previous administration. Since 2008, the functions appear to be reassigned to an office within the executive branch. In short, then, there have been two plans and three public organizations within ten years.

13.5.5 Ecuador

The fight against corruption and the promotion of transparency is not new. In the former 1998 constitution, the control of corruption was outlined in two articles that described the functions and organization of the Committee on Civic Control of Corruption. In addition to this organization, there was an Anti-corruption National Secretariat, which was dependent on the executive until 2008.

As outlined in the 2008 constitution, the fundamental duties of the state were to guarantee high ethical standards in public life and the legal system and ensure its inhabitants live in a society free of corruption. One of the innovations of this constitution is located in the fifth chapter, where the role of Transparency and Social Control (FTCS, which is an acronym from its Spanish name *Función de Transparencia y Control Social*) is developed. This function has the same range as the executive, legislature and judiciary and an additional function: the electoral. The executing agency of the FTCS is the so-called Council of Citizen Participation and Social Control (CPCCS – from the Spanish name *Función de Transparencia y Control Social*).

The Ecuadorian case is significant because various public organizations that serve the same purpose can be identified. From a normative perspective, all of these organizations should complement each other. However, according to experience, these efforts are not coordinated and do not build on one another. The organizations that exist today can be traced back to 1998 when the Constitution established the Committee on the Civic Control of Corruption. This Committee would serve as a counterweight to an organization in the executive branch – the National Anti-Corruption Secretariat. In short, after 1998, the established framework was looking for a balance between the various organizations.

In 2008, as a result of a profound constitutional change in the country, those two organizations disappeared, but the people who were working in them were reassigned to the CPCCS. Officials who had competed over the previous ten years suddenly found themselves needing to work together, which was not always possible. There were not other secondary legal reforms to accompany this change, so other institutions, such as the Office of the Ombudsman, which is mandated to promote and ensure the right of access to public information, continued to exist.

Other organizations were created to address the same subject without providing clear coordinating mechanisms. Even though the National Anti-Corruption Secretariat disappeared in the 2008 constitution and these public servants became part of the CPCCS, later that same year (December 29, 2008) the executive branch created another equivalent position under the name of *Secretaría Nacional para la Transparencia Gubernamental* (SNTG).

13.5.6 Honduras

The National Anti-Corruption Council (CNA – from its Spanish name, *Consejo Nacional Anticorrupción*) was created by an executive order (Law 7–2005) as

an independent body, with a legal personality, indefinite duration and its own patrimony, which aims to support the government and civil society in the effort to promote the processes of transparency and social auditing as a mechanism for the prevention, control and fight against corruption.

It is a collegiate body whose general assembly is made up of a representative from each of the following bodies of civil society: Archbishop of Tegucigalpa; Evangelical Brotherhood of Honduras; Honduran Council of Private Enterprise; Council of Rectors of the Universities; Confederations of Workers; farmers associations; Federation of Professional Colleges; Federation of Private Organizations for Development; National Association of Public Employees; Association of Municipalities of Honduras; National Convergence Forum; and Association of Means of Communication. The executive committee of the CNA comprises three members of the general assembly and is responsible for defining its policy and strategy; it is also responsible for meeting any other function delegated to it by the assembly. In a meeting held September 30, 2013, the general assembly unanimously decided to temporarily establish the executive committee for six months; at a subsequent meeting in March 2014, a decision was taken to extend the deadline by six months.

13.5.7 Mexico

In Mexico, during the first decade of the new century, most of the government's effort was focused on promoting transparency – and transparency policies are not the same as fighting corruption. After 2000, several organizations guaranteed the right of access to information, broadly known as transparency. This resulted in the promotion of a new administrative culture between government and its citizens, the development of Internet platforms to advertise governmental information and a clarification of the process for responding to requests for information.

Mexico, it could be suggested, has made very little effort to develop a national anti-corruption policy. It is not, of course, the case that the issue of corruption is either new or gone unnoticed. After all, the government has already taken various measures to address the issue. Recently, in 2012, a federal anti-corruption law was introduced that empowers a government agency to investigate and punish those individuals who commit acts of corruption at the national and sub-national (state and municipal) levels. To put this in perspective, this is the first time that legislation outlines sanctions for domestic individuals who induce corruption in Mexico or abroad.

In 2015's first half, there was debate over the creation of a national anti-corruption system. The main ideas came from three legislative initiatives put forward by the main political forces in the country. Among the measures outlined in the documents of these political forces are: (1) the intention to create an autonomous constitutional body, that is to say, place it in the same hierarchy as the legislature, executive and the judiciary; (2) establish a governing council, providing it with its own legal identity and operational autonomy; (3) empower

this entity to sanction acts of administrative corruption; (4) this national body would be accompanied by a general regulation applicable in the three orders of government in Mexico; (5) outline steps so as to replicate the national scheme in the subnational governments; and finally, the actions of this body would not be limited by fiduciary, fiscal and banking secrecy.

In the political discourse, everybody is referring to this "system," which is intended to integrate different existing organizations toward the attainment of a common goal. At this time, the change has materialized in a constitutional reform that requires the approval of most subnational legislatures. Even though this systems approach might have advantages over the proliferation of organizations without coordination, it is very premature to talk about results. The nations selected for this chapter have taken significant steps toward accomplishing the goals of CLAD approved in 2014.

13.6 The proliferation of public organizations or having a good example? Final reflections

The fight against corruption in the region has witnessed the implementation of many new laws and amendments to existing ones. Latin American countries have also witnessed a proliferation of public organizations to deal with corruption; the leadership of these organizations as well as the names of these entities has changed over time depending on the regime in power. This is not new. It should be noted that the historical fragility of the rule of law in Latin America requires special attention (CLAD, 1998). However, isolated efforts to fight corruption are not the way to achieve success. Without better coordination, communication, and collaboration, the existence of many laws and many anti-corruption organizations will not be effective.

Pettit (1999) pointed out two central challenges in political and social theory: first, to identify the kind of public institutions that are desirable; and second, to demonstrate that these types of institutions can be established. Grindle (2009) reached the same conclusion as Pettit because the adoption of organizations that are not strictly necessary brings serious implications in terms of opportunity cost.

The relationship between government and society has largely shaped the discipline of political science for the last two centuries and, specifically, the subdiscipline of public policy and administration over the past 50 years. Public policies that promote transparency and rules and regulations to fight against corruption can be added to a long list of measures that have been tried. There have been numerous new public organizations that have been created in countries in Latin America, as well as a plethora of laws and yet, after all these years, corruption remains firmly implanted in these Latin American countries.

In terms of the lessons learned from these cases, it should be noted that a lot of the findings here are similar to the ones that are characteristic of the existing literature, which has largely been written from experience in the United States and Europe. The evidence suggests that there is an administrative culture

evident in the management, organization, and conservation of information generated within public organizations. The creation of public organizations and the proliferation of laws do not automatically change reality. All efforts must be accompanied by a clear strategy to face the administrative change that will promote a new culture of public management. It is necessary to identify the correct incentives so that public servants can find reasons for joining anticorruption efforts. It is necessary to punish the conduct contrary to the effort. The coexistence of a political agenda that allows (and even encourages) the duplication of progress in one Latin American country is another important finding to emerge from the cases studied. At least concerning the first two issues mentioned, there is the potential for progress arising from early diagnosis and professional intervention. This involves coordination and administrative change management, but also a good example from the political and administrative leaders of these countries.

Based on the cases selected and studied in this chapter, it might be concluded, provisionally at least, that the experiences of these selected Latin American countries are not so different. Reflect on Figure 13.1 for a moment. It reveals that Uruguay presents a clear positive trend since 1997. According to the CPI, it is the only Latin American country with a positive evolution concerning perceptions about levels of corruption. Based on the work reported to MESISIC, there is no quantitative difference between Uruguay and the other countries; the one obvious difference could be the ethical example from that country's president. Perhaps that is the key to rooting out corruption: not merely the proliferation of laws or public organizations to deal with the problem, but rather having a good example of robust and ethical leadership from the upper echelons of the political executive.

Notes

1 In some cases, through mass media, tracking is possible. For example, in August 2010 the president of the maximum authority on transparency in Chile visited Mexico. In his speeches, he acknowledged that the Chilean model was strongly inspired by the experience of the Mexican federal government (IFAI, 2010).
2 The *Decreto Plurinacional de Descolonización de la Ética Pública y Revolución en el Comportamiento de las Servidoras y Servidores Públicos* can be translated as "plurinational policy of decolonization of the public ethics and revolution in the behavior of the servants and civil servants."
3 A law can have different names across different countries. It depends on the source of the document (from the executive branch or the legislative branch, for example) and its hierarchy. However, they all generally look and work in the same way.

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Part III

Combating corruption worldwide

14 Public service ethics and accountability in a globalized world

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What is firmly established cannot be uprooted.
What is firmly grasped cannot slip away.
It will be honored from generation to generation.
Cultivate Virtue in yourself, and Virtue will be real.
Cultivate it in the family, and Virtue will abound.
Cultivate it in the village, and Virtue will grow.
Cultivate it in the nation, and Virtue will be abundant.
Cultivate it in the universe, and Virtue will be everywhere.
Therefore, look at the body as body;
Look at family as family;
Look at the village as village;
Look at the nation as nation;
Look at the universe as universe.
How do I know the universe is like this?
By looking.

Lau Tzu – Tao Te Ching #54 (Feng & English, 1991)

14.1 Introduction

In *Public Administration in a Global Context*, Dwivedi and William (2011, pp. 42–49) summed up the perils facing public administration in the twenty-first century in eight points: global governance; cultural diversity; comparative experiences; interdisciplinary approach; corruption and the ethical deficit; accountability and transparency; challenges of social change; and challenges for public administration academics and practitioners. This chapter focuses on corruption and the ethical deficit, but all the points are interconnected and have a dramatic cascade effect on each other.

Our purpose in this chapter is to make the case that corruption in the new Globalization Era needs to be understood as the *negation* of one or more collective purposes that society holds for public organizations. The chapter has five sections and a conclusion. The first section explains the new dominant mindset called the Globalization Era (from the 1990s to the present day) that has replaced the Cold War Era that went on from the 1950s to the 1980s and the shift in values that has accompanied this change. The second and third sections

argue that having a common purpose (*telos*) for a group, such as a public organization, is how members of the group give direction to their efforts so that they accomplish their common objectives. Individuals and actions that hinder or sabotage the desired collective direction commit what we refer to as "toxic" corruption. Toxic corruption is the negation of the common purposes of public organizations resulting in a failure of the organization to achieve its desired purpose. Section 4 explains how a systems process model can help identify and curb toxic corruption. Section 5 uses a higher education case example to illustrate how this form of corruption starts small and grows increasingly poisonous if left unchecked.

14.2 The globalization era

To understand corruption in the twenty-first century, one must understand how globalization is a significant mind-set shift from previous eras. In previous twentieth-century eras (i.e., the Great Depression, WWII, and the Cold War), society was focused on the collective good or national purpose of meeting the challenges of economic collapse, winning massive scale wars, and ideological struggles to dominate the world's societies. In the Globalization Era, the focus on the individual – individual persons as well as individual corporate entities. The collective purpose is no longer as significant as it once was. It has been replaced by what David Brooks (2015, p. 6) in the *Road to Character* calls the "Big Me."

The literature of public administration is just beginning to redefine the concept of "globalization." It is not merely about communication moving faster, technology transforming how work is done and redesigning world organizations like the World Bank and the International Monetary Fund to be more responsive to national needs. Nearly twenty years into the millennium, we are only beginning to understand that we are witnessing a major global paradigm shift in our thinking, beliefs, and values. Globalization is the new dominant international system that has replaced the core collective values paradigm from the Cold War Era. Globalization has "its own unique logic rules, pressures, and incentives" (Friedman, 2000, p. 7).

Table 14.1 shows key areas of thinking within each era's paradigm. In the Cold War Era, both governance and economic systems were fixed and adversarial. The international rules and norms of behavior revolved around respecting the sphere of influence of the dominant nation-state by not encroaching on each other, or on the developing countries in which they worked. The focus was on strengthening and enforcing trade regulations. The major ideas and thinking of this paradigm were based on the adversarial ideologies of communism and capitalism and maintaining their individual customs and traditions in relationships and exchanges. Détente and diplomacy were the only hope for interaction. American culture was supreme, as evidenced by the ubiquitous McDonald's franchise, Levi jeans, and pop music worldwide. The demographic movement was stagnant, as nations hunkered

down in a 'them vs. us' mentality. The greatest technological achievements of the paradigm were defined in terms of weaponry and measured in terms of "How big is your missile?" The most important international document for this paradigm was the treaty.

In the paradigm associated with the Globalization Era, both governance and economic systems move in a dynamic, ongoing process. The international rules and norms of behavior revolve around deregulation, privatization, and innovation. The significant ideas and thinking of this paradigm are based on free-market capitalism and entrepreneurism in relationships and exchanges that are constantly changing. American culture is still strong, but there is more of a homogenizing effect. It is easy to find an Afghani restaurant in Washington, DC, and an Indian sari store in Amsterdam. Demographic

Table 14.1 Globalization paradigm shift

	Cold War Paradigm	*Globalization Paradigm*
System	Stable and Adversarial	Dynamic Ongoing Process
Power Structure	Centered in the Nation-State	Balanced Among • Nation-States • Nation-State & Global Markets • Individuals & Nation-States
Rules	• Nations don't Encroach on Each Other's Influence • Economic Development in Countries • Trade Regulations	• Deregulation • Privatization • Innovations
Ideas	• Communism vs. Capitalism • Détente • Tradition	• Free Market Capitalism • Entrepreneurism
Culture	U.S. Dominates	Homogenizing Culture
Demographic Trends	Movement • South to North – Slow • East to West – Frozen	Movement • Accelerated • Rural to City
Perspective on the World	Divided • Them vs. Us	Increasingly • Interconnected • Interwoven • Integrated
Technology	Weapons	• Computerization • World Wide Web
Defining Measurement	Einstein's Theory	Moore's Law
Most Important Document	The Treaty	The Deal

Source: Friedman, 2000; UN (1999–2013); World Bank (1999–2013); TI (1999–2013); KOF Swiss Economic Institute (1999–2013).

movement is accelerated, as people feel free to move around regions and the world taking their culture, food, and ideas with them. The most significant technological achievements of the paradigm are computerization and the connectivity of the World Wide Web, and measured in terms of "How fast is your modem?" The most important document for this paradigm is the business deal.

As Friedman (2000, p. 11) points out in his discussion on globalization, when "innovation replaces tradition, the present or perhaps the future, replaces past" and "nothing matters so much as what will come next and what comes next can only arrive if what is here now gets overturned." The Globalization Era has shifted our values paradigm completely. While this system fosters great innovation, creativity, and, in some cases, great wealth, it nonetheless has a dark side, which will be discussed later. A system absent security, predictability, and stability are difficult to live in. We are forced to continually recreate relationships in order to succeed. For example, citizens and students become consumers of products rather than an informed electorate or vessels into which knowledge is poured. The expectation of the reciprocal relationship between the state and the duties and responsibilities of citizenship to be informed and participate in the democratic process are all but forgotten, as is demonstrated in the surprisingly low voter turnout in recent elections in some western countries.

Brooks (2015, p.ix) makes the point that in previous eras, the ideal character virtues were defined in terms of selflessness, generosity, self-sacrifice, grit, resilience, and tenacity. Although those virtues exist in the Globalization Era, they have largely been demoted to the status of what he calls "eulogy virtues" and replaced with "résumé virtues" that better reflect the Globalization Era's "Big Me" mind-set. Résumé virtues are the character qualities needed for advancement in the workplace and external success. As consumers of higher education, students expect to be awarded their degrees because they have paid good money for them rather than because they have become educated. The client "student" expects a degree to be delivered on time with little or no effort on his or her part other than showing up instead of experiencing the challenge of learning. The mentor/mentee relationship between the professor and the student is transformed to that of a sales agent and consumer (Brooks, 2015, p. 6).

Society's values are changed in this new paradigm. For example, at the macro-level of the society, there is a greater awareness of interconnectedness as it relates to the integration of electronic networks and communication systems for maximizing markets. In the Globalization Era, we are focused on speed, closing the deal and moving on to the next one, the goal of deregulation, and the worship of free markets for the benefit of individual groups. That interconnectedness is not extended to the society as a whole. We have lost sight of the public good (meaning the *oneness* of the whole) and turned our focus instead toward winning at all costs and building status. Similarly, at the micro-level, external, observable skills and abilities, awards, and fame delineate individual excellence, as these describe one's significance in society.

Also, the rapid change in the age demographic of the world has also influenced a change in global values. "Generation is one type of national subculture that reflects the value priorities emphasized during a country's particular historical period" (Egri & Ralston, 2004, p. 210). The shared values and beliefs of a generation cohort is important to understand when examining the "evolutionary process of culture change" because "generation cohorts reflect the values emphasized during a particular historical period and encapsulate the nature of culture change that has taken place in a country" (Egri & Ralston, 2004, p. 210). A generation cohort and its corresponding values define how large segments of societies, nations, and organizations are influenced, especially when the cohort becomes the majority population occupying positions of power and influence.

With the evolving definition of globalization, our understanding of the concept of corruption is also changing. Globalization has disrupted the social and collective process in which the *telos* or purpose was considered key for the progress of the larger *polis* or community. Corruption was considered a perversion and a moral degeneration from that collective social intention (McCloskey, 2006). Concern for straying from that *polis* purpose is now losing its meaning. Globalization has introduced a confusing postmodern world that impairs a collective understanding of integrity and virtue. In this 'globalization' view, corruption is not an active negation of a positive *process* of seeking *purpose* for oneness. They maintain that there is no single *telos* – there are multiple inspired purposes from various disparate views of the collective about what is "good" for the *polis*. Those who support this view, do not grasp the broader social and collective purpose of a public organization and thus cannot consider seeking it out (Guy & Rubin, 2015). We argue that this new paradigm must be rejected, as the past understanding of the collective public good is more functional in terms of addressing the reality of corruption for the good of the whole.

14.3 Corruption, progress, and legality

We are addressing a very old human concept of *oneness* here that is found in many of the writings of the world's wisdom literature, both primitive and sophisticated (Lynch & Lynch, 1998). Humans are herd animals, and oneness is a collective herd desire to not only survive but also prosper as a collective. Oneness, thus, is a herd creation for collective purpose and provides a common-sense process for how such a purpose can be accomplished. Corruption is the negation of the process or purpose that results in herd failure, including sometimes even a complete collapse and destruction of the herd itself.

Corruption assumes *process* – that is the social construct in which corruption exists in an ever-changing context. Humans and their organizations do not merely exist, but they exist over time with ebbs of both collective successes and failures. As herd animals, most successes occur as a result of being able to organize and work together toward mutual goals and objectives with parts of the herd or the entire herd as they define it. Alternatively, failures often come about when the collective cannot organize and decide on their mutual goals and

objective, or they cannot work in harmony with each other. That negation of the common purpose (*telos*) is corruption, and it comes in the various forms as discussed in other chapters of this book.

When the topic of corruption is discussed, our minds often link the term "corruption" with the notion of blatant illegal activities such as demanding or accepting a bribe, embezzling public funds or rigging the awarding of public contracts. However, corruption, as we are suggesting here, is more insidious, and we believe, if left unchecked, becomes toxic to the organization and eventually the society. For example, when the law says it is legal for special interest groups to pay members of Congress large sums of money to win their elections, the result is often a private benefit at the cost of public's interests. Such payments to politicians are quite legal in some countries, but they are corruption nonetheless because private money is used to negate collective social purposes. Politicians compensate their contributors by such means as not funding some public organizations at levels high enough to accomplish the agency's mission (Rose-Ackerman, 1999; Kobrak, 2002).

Some societies, especially well-developed Western countries, are quite clever at hiding legalized corruption (Kobrak, 2002). The most successful elements in society (the 1 percenters) win over their victims by convincing them that they are providing the society a great service such as valued market items (Rose-Ackerman, 1999). They succeed in corrupting the system by evading public detection, influencing key public officials and the press and sometimes by boldly claiming their actions are necessary and proper. They offer what, in any other sector or industry, would be a bribe in the form of political campaign contributions, lobbying efforts, sometimes mercilessly suppressing anyone they perceive as "traitors" or whistleblowers to their intent.

Although corruption exists on both the macro and micro levels in society, we argue that it is always about the negation of the *telos*. It is always about the distortion or abandonment of the organizational mission, which commonly results in incongruences between the espoused public values and the actual results of our public organizations. Thus, it is a negation of public values often for private gains. When such practices become pervasive in a society, it is 'toxic corruption.'

As noted in the lead chapter by Charles Garofalo, much of the corruption literature assumes that corruption is binary, meaning the phenomenon in question is either corrupt or it is not. This perspective misses an essential characteristic of corruption in public organizations as corruption often starts very small and grows quietly until it reaches a tipping point within an organization, at which time it becomes toxic to the organization and potentially to the whole society. The corruption of public organizations exists on a continuum. The challenge is to, at the very least, keep it from reaching the tipping point and ideally to minimize its existence. Moral blindness and moral muteness are particularly important as both involve ignoring the existence of corruption and the *telos/corruption* connection. Moral blindness is the inability to consciously or unconsciously see or recognize an action as wrong (Bazerman & Tenbrunsel,

2011). However, moral muteness is the pervasive reluctance of managers to talk about moral issues in ethical terms for various reasons (Bird & Waters, 1989).

14.4 Addressing toxic corruption

The remainder of this chapter addresses a conceptual challenge: How can the community of international public administration scholars better conceptualize, understand and address the negative reality called corruption in our public sphere? The community of scholars has advanced beyond Aristotelian, Kantian, and Benthanian discussions of ethics (McCloskey, 2006; Mungiu-Pippidi, 2015).

Today, we have a much more practical understanding of corruption, as evidenced by the chapters of this book. The next conceptual challenge is to address the negation of the public's interests (the public good *telos*) in a parsimonious manner so that we identify corruption correctly, grasp the extent of the problem in each situation, and develop the means to best confront and minimize the negation. As Dwivedi and William (2011, p. 11) rightfully noted, "One size does not fit all."

Our suggested solution uses process philosophy with its assertion that any reality – such as corruption – is best understood as a continuous process rather than a fixed phenomenon (Mesle, 2008). Corruption both grows and declines as a social reality, and its manifestations morph over time, mostly due to advances in technology and the proliferation of organizations. The continuing practical challenge is to curb its growth when it is discovered and ideally to prevent it from ever gaining a foothold. To further that end, we first present a conceptualization of corruption that identifies the essential elements that capture the context in which corruption negates *telos* as well as what elements need to be monitored to achieve that end. Second, we present a hypothetical case to illustrate how corruption can grow and negate an essential collective social value – namely, higher education.

As previously described, corruption is a negation of a public organization's *telos*. Like cancer, corruption is not just one phenomenon but rather various phenomena that harm the system so that it does not work correctly, and eventually, it can destroy its host. With corruption, human organizations stray from their *telos* (shared purpose) of what the organization should be doing to foster a higher social and collective purpose and, at its most harmful impact (tipping point), it can lead to the destruction of the organization. This conceptualization or model (see Figure 14.1 below) starts with a clear understanding of the public organization's *telos*, which in this model is called the *intended* outcome.

The model is best understood by thinking backward from the *telos* or desired outcome to the outputs or products and services provided by the organization so that the ultimate intended outcome is achieved. Next, one identifies what organizational activities must occur if the outputs are to be achieved. Then one identifies the inputs – leadership direction, money, and other resources – that are needed so that the organization's processes will produce the intended outputs and outcomes.

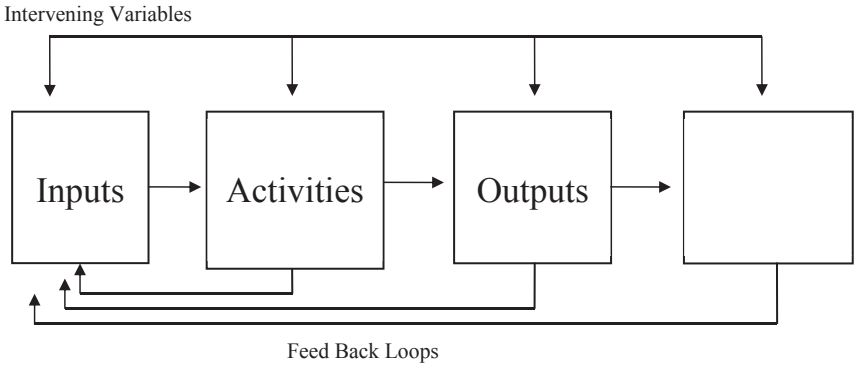

Figure 14.1 Identifying corrupting negations.

Because corruption is about the negation of the intended public purpose, the important last step is to identify the various situations in which the organization or elements in the organization can stray from the *telos*. Thus, the model is a simple cause-and-effect chain with special concern for how the chain can be disrupted either by lessening its effectiveness or by entirely defeating the production of the *telos*.

With this model in place, we can be proactive in predicting where the likely weakness is in the organization that will be prone to corruption. We can measure each of the previously described elements of the model. The ability to measure means that a researcher, analyst, or ethics officer can use the system's nested feedback loops to monitor the progress of each key element. Thus, leaders can adjust their behavior and actions to maximize the likelihood of achieving their desired sense of *telos*. In this model, the three feedback loops identify if the *telos* was achieved, what outputs were achieved, and what activities took place to achieve the result.

Of course, this model assumes that if the cause-and-effect chain worked correctly, the desired *telos* would result. Also, the model accepts other reasons can exist (such as weather disasters, extreme economic problems, war, and other factors) beyond corruption that can disrupt the chain. In any analysis, such other factors must be ruled out to isolate the impact of corruption on the intended outcome – *telos*.

The model can be used at several levels of analysis. For example, the analysis can start with macro reasons such as are political leaders being either bribed or ideologically motivated to provide insufficient input so that the organization cannot achieve its purpose. Other potential macro reasons could include the elected leader deliberately appointing incompetent organizational leadership, forcing the organization to work ineffectively and confusing the workforce as to the organization's *telos*.

Michael Johnston's (2014) four syndromes also help us identify macro reasons for corruption. Are market or technical interventions causing the organization to not meet its purpose? Are any elite cartels acting to defeat the *telos*? Are there some oligarchs or clans that are making it impossible for the *telos* to be met? Are there some official moguls who are exercising their influence that results in the organization not achieving its purpose?

On the micro level, internal corruption is a source of negation of *telos*. We agree with Garofalo (this volume), who suggests that defining internal corruption in an organizational context should not be described as binary. Ideally, an organization's leadership may wish zero personal corruption, but such a hope is not realistic given that human nature operates on a normal curve and in the context of a large organization there will be outliers from the mean in both directions. The goal should be to minimize it by being able to predict where it will occur and certainly to keep it from ever reaching the tipping point when corruption becomes the norm within the organization. A near-zero-tolerance level requires wisdom to achieve, and such wisdom is often rarely available.

Internal corruption is best addressed by some combination of internal procedures, rules, and virtue ethics training. The correct combination varies with more procedures and rules typically needed in a routine less educated workforce. A less routine work environment requires a more professional workforce that works best with fewer rules and more employees hired based on their higher virtues and ability to understand and apply virtue training.

Ethical blindness, muteness, and shifting the blame are serious obstacles that often lead to significant toxic corruption. Continuous ethical virtue training, plus methods for employees to be able to raise concerns without reprisal, must be consciously developed by management to foster ethical awareness and openness. Organizations must address corruption problems when they are small. Ignoring ethical blindness, moral muteness, and shifting the blame not only permit small issues to fester and grow into much larger corruption problems but also keep leaders from addressing corruption before it reaches the tipping-point level.

Bowman and West (2015) address the problem of "gaming" the system is seen in association with performance measures. The whole purpose of performance measurement is to create feedback loops so that political leaders and managers know what is happening in terms of achieving program outcomes. If the feedback loops demonstrate that all of the appropriate resources are provided, all the processes are correctly administered, and the outputs activities are sufficient, and the expected outcome or *telos* is not achieved, then the theory behind the intervention, policy or program is wrong and needs to be reexamined. If employees "game" the system, then the whole purpose of performance indicators is defeated and public organization leaders are without a valuable tool to see if they are accomplishing their *telos*. The use of performance measures is increasing in the public sector, but if gaming is also increasing, then a serious growing corruption problem also exists.

The solution to gaming includes selecting good indicators that measure the *telos* with minimum effort, generate positive rather than negative employee

behavior, and do not overwhelm decision makers with useless data. Performance measures must be an active and useful tool to manage and fine tune policy and programs, not simply efficiency measures to increase workloads for productivity improvements. To do so, all levels of management and employees must be trained in the development and use of indicators. Lastly, performance measures should not be used as a means of exacting punishment but rather as a tool to give better guidance to organizational units.

14.5 A case illustration: how higher education can be corrupted

Higher education is under great stress in the twenty-first century as it is expected to educate a greater percentage of the workforce at a time when there is less public money available, and costs are rising. This is particularly true in the United States. It is an ideal case study where toxic corruption can creep in unnoticed. In the search for solutions to this dilemma, some American universities have sought to raise additional funding from a variety of external sources such as raising student tuition and fees, seeking out individual donors and bequests, acquiring grants from various sources, cost reduction schemes, and requiring heavier workloads to achieve greater productivity. All of these options may seem rational and reasonable tactics to address a persistent and troubling funding problem. However, each of them has a dark side that, if pursued without restraint, could create a "perfect storm" scenario for pesky annoying issues to ultimately reach a magnitude sufficient to trigger a tipping point for crippling toxic corruption.

The *telos* of professional programs in higher education, such as the Master in Public Administration (MPA), is to provide a full range of education options such that employers will have an available workforce with the needed knowledge, skills and competencies to be productive for the future society (NASPAA, 2014). Corruption of that *telos* would be to defeat or disrupt that purpose. In this era of globalization, most governments have come to realize that only with excellent public higher education can their cities and countries be competitive in the global economy so that *all* their people can have a high living standard. Unfortunately, toxic corruption can result in the negation of this important public good *telos*.

In the past, many governments, including the United States, have significantly subsidized "public" higher education. With increasing demands from other very legitimate public needs, such as health care for an aging population, military for an uncertain world and the perennial desire to lower taxes, governments are reducing their subsidies to public education. Many universities' first reaction is often to increase student tuition and fees. This is a logical place to start in attempting to bridge the economic gap, especially in some European countries where tuition was only a nominal sum to begin with. The unintended result of tuition and fee increases is that public higher education quickly falls out of reach for many of the most vulnerable populations, thus widening the economic gap between the "haves" and the "have-nots."

A second method to compensate for shrinking education budgets is to actively court would-be donors for large bequests. This often leads to naming a building or a program after the person who is being wooed. University administrators undoubtedly welcome large gifts of money, even though they are always fraught with conditions and limitations because those extra funds relieve the burden on the general fund. However, they too have a dark side and can quickly lead to conflicts of interest and scandal. University administrators are required to spend more and more of their time catering to the personal needs and demands of potential wealthy donors rather than on the duties and responsibilities of administering their institutions. Education institutions are left open to being held hostage by donors whose egos not only need their name on a building or program but also need to be wined and dined and doted upon as the "saviors" of the institution. Occasionally, when a building is named after a living person, and he or she is later convicted of a crime, the university is left with a building named for a felon. Depending on the terms written into the bequest, the university may have to return the money to remove the name or leave the name on the building and be the laughing stock of the larger community.

A third method employed to close the budget shortfall in universities, especially in the United States, is to seek grants from government agencies or nonprofit foundations. Grant writing at universities is not new. A great deal of university engineering and medical research has long been funded by government agencies. Universities with a strong research focus have always been incubators for inventions and discoveries. However, this area may now be approaching its dark side, and it warrants a closer look. In the past few decades, universities have become much more adversarial and aggressive in claiming their right to own student and faculty research and thus any financial benefit that accrues from them. Students or faculty members are defending their research as their own intellectual property risk being prosecuted and going to jail (Holewa, 1996).

Also, any grant writing, regardless of the size of the grant award, is now seen as being on an intellectual par with peer-reviewed publications for faculty tenure. While on the face of it writing fundable grant projects seems like an honorable thing to do, it is time-consuming and takes time and energy away from student-centered teaching. While faculty members are busy writing fundable projects, other research topics languish. Grant funding is often focused on a social "hot topic," and chasing the money can take the education unit off its mission. If the project is successful and fully funded, staff time will need to be devoted to executing the activities proscribed in the grant, which inevitably takes staff time away from the work of the education unit. When the funding cycle for the grant ends, the educational unit may be left with an activity it has created a need for but without continuing funding to support it – a reality that ironically puts the university in an even greater financial cul de sac.

A fourth current popular method of increasing productivity in universities is to move to online education. In a traditional campus, one professor in a graduate-level MPA program can cost the university between $40,000 and

$200,000. That professor can typically teach 10 to 35 students in a class with two to four classes per term. In online education, the same professor can teach as few as 10 or over 1,000 students in a class if the teacher is provided teaching assistants (also called tutors or coaches) to work with discussion groups. Teaching assistants are very low paying jobs, and this translates to mean much lower costs per student taught using online education.

This scenario sounds wonderful for public higher education, but it also has a dark side. Whether in-person or online when classes are very large, 30 or more, faculty shift their method of evaluating student performance from essay questions and long writing requirements to objective tests. The big plus for essay questions and long writing assignments is that students learn to communicate with much more sophisticated skill, often using more sophisticated complex knowledge. More emphasis can be put on research and experiential learning than simply on studying for the test. Also, cheating is much more difficult. When large classes use objective tests, a market is created to steal the tests and sell the tests plus answer sheets to the students. Thus, cheating is made easier, and students do not learn important skills.

Recent technological developments have made the delivery of higher education via the Internet a plausible and less expensive option to the traditional bricks-and-mortar campuses. Because of the funding issues in public universities and the perceived cost savings associated with online education, higher education institutions have embraced the change. However, faculties in public universities have often been slow to voluntarily adapt to the new technologies in online teaching, so many public education institutions have turned to private for-profit companies to transform whole programs to the online format. Private corporations negotiate at the highest level of the institution (often a Board of Regents) to have unfettered access to select the programs they think they can successfully market. The for-profit company takes on the responsibility for recruiting students, including through exclusive contracts with cities, counties, hospitals, and special districts for reduced tuition rates. The contractual arrangements vary from corporation to corporation, but the trend is for the corporation to receive 50 to 60 percent of student tuition fees. These programs have been hugely successful in the United States. For example, one MPA online program in Texas grew from 17 enrolled students at its start to 160 at the end of the first year to more than 200 by the end of the second year.

While moving to online learning is the trend and makes great economic sense, this arrangement has the potential to reach a toxic corruption tipping point quickly. Because there is a business partnership with these programs, the private corporation can exert its influence on the number of credit hours for the degree, eliminating prerequisite courses and the number of weeks for a semester or module based on their business model of what the "customers" (i.e., students) are willing to do. Furthermore, since the concept of online education is to make classes available to students no matter where they live, out-of-state fees must be waived for online students, and the loss of those fees are in turn spread among all the students enrolled in the online programs requiring all online students to

pay more per credit hour than traditional students. This negatively affects poorer students who seek online education.

The focus of the public university with its new private sector partner is now to make money, and that means treating students not as students but as customers. The university must keep them happy so that they continue paying for the courses and that often translates into few if any students are getting an honest evaluation of their performance in the classroom. Everyone gets passing grades in order to foster higher revenue from tuition fees. Professors are expected to overlook poor student performance. The result is an alumna that is not educated but has the degree to prove they are educated. Thus, such public higher education institutions have reached that toxic corruption tipping point of negating the purpose or *telos* of the higher education program while remaining perfectly legal. The result is that education is still expensive but does not provide the essential knowledge, skills, and competencies to the nation's future workforce rendering the *telos* of higher education corrupt.

14.6 Conclusion

Corruption, especially toxic corruption, needs to be understood as a negation of one or more of the collective purposes of society for public organizations. To understand corruption, one must have a clear understanding of its *telos* as well as what political, contextual, and employee actions are dysfunctional to achieving that *telos*. Defeating corruption is mostly about prevention and anticipating the dysfunctional forces associated with accomplishing the purposes of the public organization. Defeating corruption is more than clarity of purpose as it also involves resolute, courageous, and resilient political and managerial leadership.

Toxic corruption is the enemy of the public as it negates the very purpose of public organizations and raises the ultimate question – why should taxes be paid? Why should government exist? In our case example, why should public education and perhaps private education even exist? This is the formula for revolution and an eventual new dark age.

However, clearly in some places, corruption has been minimized, and there are means to broaden those successes. Public organizations can be well run with very little corruption. However, such positive results on a larger scale are only possible with outstanding public leaders and servants that understand that there is a conceptual link between oneness and overcoming corruption. As Lau Tzu suggests at the beginning of this chapter, we must consciously cultivate virtue on a large scale and then look closely to examine our praxis to see if and where we are succeeding.

The new Globalization Era values paradigms that operationalize the postmodernist's belief that there is no possibility for a single understanding of the "public good" and therefore there is no defined purpose or *telos* for public organizations. They argue there are merely various competing views of what any public organization should be accomplishing. Without a workable *telos* (intended outcome,

or purpose), there is no means by which to address corruption. However, with a public organization *telos*, a means to address corruption is possible using the process systems model. Concepts, including definitions, are important. The international public administration community needs to dismiss the global paradigm redefinition of corruption if it is to intelligently address the dysfunctional impact of corruption on society.

Dwivedi and William's (2011) summary of the issues facing the public administration academics and practitioners are not eight separate issues; they are all interconnected and interwoven into one intricate fabric. Untangling one issue will necessitate untangling all of them. We believe the central thread in this fabric is how we, collectively as a profession and as citizens of the world, will define the public good as we move forward into this millennium.

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15 Grappling with corruption globally

Concluding observations

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15.1 Introduction

Globalization has changed the world. Evidence is available to suggest that nations at both ends of the development spectrum have taken steps to address corruption. The international community has moved from an acceptance that culture and tradition was too strong an influence on human behavior to consider remedies for unethical behavior to a state of fretfulness and alarm about the coercive influence of corruption on economic and social advancement. This is particularly the case with respect to developing societies. Since the mid-1990s, international conventions, agreements, and resolutions have focused on the lack of integrity in the public sector. Significant efforts have been taken since then to enhance the ethical behavior of bureaucrats and to create compliance measures to fight corruption.

Corruption abatement is now a matter of international cooperation. It can safely be argued that corruption is bad for business, and globalization has made it possible for national business and economic development to advance significantly. However, apprehension about the growing impact of corruption on growth, particularly among developing countries, has resulted in the international community recognizing the need to raise the level of effort to combat and reduce international bribery. Of particular importance is the recognition that international efforts to combat corruption have focused on compliance measures among nations of the world.

It might be argued that improving ethical behavior in this effort is viewed as a goal rather than a means. Compliance measures combating corruption are more visible, more susceptible to measurement, and more easily evaluated. On the other hand, however, merely having laws, rules, and regulations in place, making unethical behavior illegal may not be sufficient if the adopted rules are not enforced. Perceptions of corruption may be increased when the public understands that rules are in place yet ignored, or are not applied fairly to the public, or that they favor special interests. Transparency rules may be meaningless where complex decision-making procedures and opaque negotiations take place. Alternatively, informal decision-making in the legislative process may not receive proper scrutiny, and critical negotiations may be cloaked in secrecy.

Legislation controlling lobbying may not apply in legislative negotiations, and consequently, the public may remain ignorant about how private interests can influence legislation and elected officials (see, for example, Wilks, 2013). In another example, financial information declared by elected officials as part of annual declarations designed to identify financial conflicts may not be independently verified, undermining the effectiveness of rules against conflicts of interest and illegal enrichment. Furthermore, government committees monitoring compliance with ethics rules may comprise current or former members of the institutions they are charged with overseeing, and therefore, lack independence and objectivity.

Thus, commendable efforts to adopt rules to uncover and deter corruption and build integrity can be ineffective in implementation, demonstrating that the challenge regarding efforts to combat corruption is to ensure that it is a continuing crusade, which requires political will and administrative dedication. As Leo Huberts and Karen Lasthuizen note in chapter 2, "Implementation ethics, or street-level ethics, clarifies what is morally acceptable during specific activities … how do policy implementers operate; what are their operational moral values and norms; and do these coincide with implementation ethics?"

Notwithstanding an understanding among scholars that the success of efforts to combat corruption is complex and multifaceted, the usual response to addressing a recognition of a crisis in integrity, or attempts to improve a nation's standing in the international community in response to a low ranking by Transparency International (TI), is a legal response, with more laws and regulations enacted. However, new laws cannot create a culture that encourages ethical and responsible behavior.

Another approach in response to corruption is to increase punishments for illegal conduct. The reality is that incarceration and other severe punishments have little effect in achieving behavioral change. More effective than increasing punishments is the perception of the probability of being exposed; that is the real deterrent rather than the severity of the punishment. As Cynthia and Thomas Lynch propose in chapter 14, the perception of effective monitoring and internal controls influences the perception of being exposed will have a more significant effect in reducing ethical malfeasance than more severe punishment. The controlling factor is the willingness of societies to bear the cost of effective monitoring by a workforce that might be productive in performing other needed tasks in a balance of costs and results.

More dysfunctional than severe punishments for ethical malfeasance may be efforts by governments to reduce government staffing costs, the rationalization being that fewer government workers will reduce government corruption. Such efforts may have the effect of reducing employee trust in their organizational leaders and reducing the level of discretion necessary for employees to effectively execute their jobs. Consequently, the adverse effects of constant control and monitoring can be demoralizing, ultimately reducing employee trust in their employers and possibly leading to further corruption.

Other compliance programs have been created to encourage ethical behavior, including ethical codes of conduct and financial disclosure systems. While such efforts have the benefits of articulating a government's acceptance that ethical behavior by employees is desired and accomplish a legislative goal of addressing conflicts of interest, codes of ethics and disclosure systems are relatively passive and are generally not effective in changing the culture of an organization, which is one of the most difficult challenges for any organizational leader. Disclosure systems may effectively instruct employees that certain investments are possibly in conflict with the mission of their organization, but anyone willing to lie on such statements may be prepared to act corruptly. Any deterrence is the exposure of corruption rather than the threat of punishment. The cost of thoroughly vetting employee personal finances may be considerably more than may be warranted.

Rather than passive systems of conflict avoidance, a more aggressive system is one that focuses on the core values and mission of the organization. For governmental agencies, a values-oriented approach is consistent with the mission of government, namely the public interest. Unlike private sector organizations that comply with government mandates for codes of ethics or disclosure systems, the public sector has distinctive advantages, such as the lack of a profit motive, the opportunity for transparency, the public's right to have access to the decision-making process and written records and decisions. With the additional advantage of whistleblowing legislation, the public sector can evolve into a trustworthy institution in the public's perception. Of critical importance, employees in the public sector are frequently motivated by a commitment to public service and their agencies' missions.

Regardless of a growing recognition of the advantages of a values orientation (Lestrange & Tolstikov-Mast, 2013; Huberts, Dwivedi, & Mau, 2012; Maesschalck & Jurkiewicz, 2008; Garofalo, Geuras, Lynch, & Lynch, 2001), compliance measures will continue to be critical to the success of anti-corruption efforts. Rules and regulations provide substance to ethical conduct, a rationalization of anti-corruption programs not requiring a universal adherence to the richness and spirit of public sector values. Once compliance systems are in place, there is a need to respect the intent of the legislation. Furthermore, both the private sector and the public sector will be accustomed to a rules-based compliance system. Adopting and maintaining a values-based approach should support and provide integrity to compliance measures.

The role of independent integrity agencies in managing corruption investigation and conducting audits has increasingly been promoted as essential for good governance in developed nations. It might be proposed that such bodies should be recognized as a separate branch of government together with the legislature, executive, and judiciary branches (see Head, 2012).

The employment of the word "integrity" has meaning beyond ethical behavior in the context of a system of ethics, including the notion that the system is complete, requiring a range of interlinked processes that create an effective culture of integrity. A system is more than establishing compliance agencies, or

commissions of inquiry when spectacular bribery situations come to the attention of the public, or adopting codes of conduct, or establishing new institutions for investigating breaches of ethical behavior. It is the sum of these, or as TI has recommended, a system of institutional pillars (Pope, 2000).

15.2 Working toward international cooperation and universal acceptance of a system of ethics management

In this concluding chapter, we explore the creation of international efforts to establish and achieve the acceptance of principles of behavior, institutions, and regulations to address corruption and goals working toward international cooperation and universal acceptance of a system of ethics management. However, what is clear is that the difficulties in the fight against corruption are not the lack of reforms proposed. Rather, the problem is one of implementation: this involves everything from outdated administrative systems, to a paucity of institutional leadership, to a workforce lacking requisite skills, to an immature culture of ethical behavior amongst public servants, to an absence of a highly developed and well-enforced regulatory system to monitor private sector activities, and the lack of legal processes and structures to address private sector corruption.

Aside from the variety of approaches and strategies for combating corruption is the importance and significance of political will of a particular society's political and administrative leaders, which in turn affects attitudes and the efficacy of anti-corruption strategies. However, organizational leaders must also have a stable state with the capacity to combat corruption. Moreover, a strong state must also manage undercover operations necessary to identify and prosecute corruption, while remaining faithful to the values of a society that is committed to democracy and the rule of law.

Ensuring the accountability of governments requires not just an effective and just electoral process, but also independent media, strong civil society organizations, institutional checks and balances, and internal anti-corruption mechanisms. Poor regulation of political financing has often been seen as the most significant issue for integrity and accountability. The lack of will and capacity of some legislatures to establish robust regulatory and accountability regimes, including those for freedom of information and protection of whistleblowers, are critical impediments to the establishment of a system of ethics management.

This book outlines numerous measures for reducing corruption across a range of countries, both developed and developing. It is tempting to argue that it is the state's responsibility to combat corruption, but in most developing societies the state lacks the capacity to effect policies, exercise self-control and resist interagency monitoring that threatens the top of the political hierarchy. Ambiguities exist in every society, with mixed motives and double standards as part of the puzzle of seemingly slow progress.

In many nations, democracy and the rule of law frequently are in conflict. Constitutions may declare that all people are created equal and entitled to full

liberty, but writers on the subject accept that there is a conflict between liberty and equality. There are several manifestations of this tension, but one example would be the right in a democracy to privacy, on the one hand, and a collective right to security from terrorism on the contrary; this leads to a conflict between an individual's right to personal privacy and a network of informers, wiretappers, and sting operations carrying out government's authority to investigate, prosecute and punish. Such conflicts need to be recognized and managed.

International governmental and nongovernmental organizations, from the United Nations (UN) to the Organization of Economic and Cooperation and Development (OECD) and Transparency International (TI) have created legal and political mechanisms to enhance anti-corruption programs on an international basis. The remainder of this section identifies and analyzes the major international conventions, treaties and agreements that have been implemented through a progression of international and regional conferences addressing strategies for developing effective anti-corruption programs.

15.2.1 UN and OECD efforts to combat corruption

Recognized as the first step toward a response to the growing global awareness of corruption, in 1989, the UN Crime Prevention and Criminal Justice Program began exploring whether action could begin against corruption at the international level. To this end, the Program organized an inter-regional seminar, which proposed the preparation of an international code of conduct for public officials and a UN program to promote compliance with that code. The seminar also provided the occasion to present a draft of a manual on measures against corruption. The following year, in 1990, the Eighth UN Congress on the Prevention of Crime and the Treatment of Offenders was held, resulting in resolutions on action against corruption calling for the preparation of a draft international code of conduct for public officials and the finalization and publication of a manual on practical measures against corruption.

In 1992, the Commission on Crime Prevention and Criminal Justice was formally established. Under the Commission's guidance, the UN General Assembly adopted the International Code of Conduct for Public Officials by its resolution 51/59 on December 12, 1996. The General Assembly then recommended it to the member states as an instrument to guide their efforts against corruption. Subsequently, in its resolution 51/191 on December 16, 1996, the General Assembly adopted the UN Declaration Against Corruption and Bribery in International Commercial Transactions (UN, 1996).

The Declaration Against Corruption and Bribery in International Commercial Transactions is viewed as the precursor of the OECD Convention Against the Bribery of Foreign Public Officials, which was adopted in 1997 and came into force in 1999. Today, 36 countries are active members of the OECD. The Convention, signed by all members of the OECD (29 in 1997), recognized the criminality of bribery in international commerce, making bribery

of government officials (a common practice until 1999) a criminal offense in member nations.

The UN Convention Against Corruption was the first instrument with the stated intent to prevent and combat corruption. It was created as an international consensus in the fight against corruption. However, in the light of subsequent international agreements, such as the OECD Convention Against the Bribery of Foreign Public Officials, the UN Convention has several recognizable and major shortcomings, the most critical of which were the failure to make bribery in obtaining contracts an offence, and also the failure to make corruption in political party funding in the private sector crimes. Thus, the difficulty with the UN Convention is that of implementation and enforcement. There are many reasons for this, but the diversity of economies and cultures in the UN arrangement made certainty in the criminalization and enforcement of principles difficult.

By contrast, the OECD, comprising developed nations with advanced economic systems and democratic institutions, provided a more realistic platform for effective implementation of principles for establishing effective ethics management systems with enforcement instruments for combating corruption. As of 2017, some 43 countries have ratified or acceded to the OECD Convention Against Bribery of Foreign Public Officials. The OECD monitors the progress of the signatories in creating legislation to make bribery a crime. Of equal or greater importance, the OECD monitors the effectiveness and implementation of the legislation for each member state.

With 71 Articles, the UN Convention is a comprehensive treatise on corruption and has helped to create a common outline for organizing cooperation among all nations in the fight against this malaise. However, it was an important first step in achieving a universal agreement, notwithstanding the lack of an effective mechanism to promote compliance and to monitor it. On the other hand, in the development of the OECD Convention, it was recognized from the outset that achieving consistent enforcement would require a follow-up monitoring process carried out by an OECD Working Group on Bribery.

The OECD Convention has proven to be a surprisingly successful international agreement, mainly because of its rigorous peer-review system. By example, members of the OECD Convention must submit to an extensive and invasive peer review, in successive phases, and members cannot veto or prevent disclosure of the resulting reports. To date, 427 foreign bribery cases have been concluded since the entry into force of the OECD Anti-Bribery Convention in 1999. The cases took place between February 1999 and June 2014. Almost two-thirds of the cases occurred in just four sectors: extractive (19 percent); construction (15 percent); transportation and storage (15 percent); and information and communication (10 percent) (OECD, 2014). Accordingly, as a result of the OECD's rigorous and professional country reviews, there has been steady progress in strengthening enforcement. This progress has been tracked by TI, which has published annual progress reports on the state of OECD enforcement.

15.2.2 Transparency international

Transparency International is a nongovernmental organization established in 1993 with headquarters in Berlin. Its mission is clearly stated, "to stop corruption and promote transparency, accountability, accountability, and integrity at all levels and across all sectors of society" (TI, 2015). In 1995, TI initiated its corruption perceptions index (CPI), which ranked 45 countries on their perceived level of public sector corruption. In the following year, the World Bank made anti-corruption performance a condition of its assistance, and the OECD initiated discussions on prospects for denying tax deductibility of foreign bribes, leading to the OECD Anti-Bribery Convention. In a landmark agreement, the Organization of American States adopted a first-of-its-kind regional anti-corruption convention.

In 2001, TI began publishing the *Global Corruption Report* (GCR), which brought the anti-corruption movement to a focus on a specific corruption issue. By example, in 2015, the focus of the GCR was on international sports. Previous reports focused on education, climate change, the private sector, water, judicial systems, health, construction, politics, and access to information. Included in each GCR is research on lessons learned and hands-on and proven solutions to improve governance and accountability in the subject fields. Furthermore, in 2003, TI initiated the Global Corruption Barometer series, which is the largest public opinion survey on corruption focusing on the impact of corruption on the lives of citizens. A recent survey in 2017 involved 22,000 citizens in 20 countries in Latin America and the Caribbean. It might well be argued that increased conversation and awareness by citizens creates a negative impression regarding progress in overcoming corruption, for 62 percent of respondents surveyed thought that corruption had increased over the previous year and only 10 percent that it has decreased (TI, 2017, p. 9). The survey found that just under a third of citizens who had come into contact with a public service in the previous 12 months had paid a bribe (29 percent). That equaled about 90 million citizens (TI, 2017, p. 14).

For almost 25 years, TI has published its CPI ranking of countries and territories (180 of them in the 2019 report) according to how corrupt they are perceived to be by a group of selected experts in each country. The "experts" approach was selected instead of the difficulty of calculating actual corruption and the expense of running broad national surveys. Although perceptions are not facts, the participants in nation surveys appear to be very deeply committed people involved in the reporting of perceptions. With that proviso, the latest CPI (2019) report ranked the following as the top least corrupt countries: Denmark, New Zealand, Finland, Singapore, Sweden, Switzerland, Norway, the Netherlands, Canada, and Luxemburg as the top-ten "cleanest" states, which were mostly in the top ten the previous year. That group of exemplary countries can be contrasted with the ten most corrupt nations, starting with Burundi, Lybia, Afghanistan, Equatorial Guinea, Sudan, North Korea, Yemen, South Sudan, Syria, and Somalia ranked last at 180.

The greatest strength of the CPI is that it brings the issue of corruption and its causes to the attention of the press, and to investors who see the rankings as a first test of the level of corruption in a country. As Charles Garofalo noted in chapter 1, "the self-sustaining nature of normalized corruption requires the administration of a strong shock from external sources such as CPI rankings, and subsequent media exposure, which leads to governmental intervention." Moreover, generally, when top managers are part of a corrupt system, then radical change requires the involvement of outsiders who have not been part of the system.

When the CPI was initiated, it was one of the few tools for gauging the level of corruption in a country. The CPI has, particularly for nations receiving relatively high scores, a form of competition among nations wishing to be viewed that they are better than their neighbors (Mungiu-Pippidi, 2005). Scholars have raised the argument that the CPI does not measure a country's corruption level, but rather captures differences in a country's reputation based on its image in the media (Heywood, 2018).

With the high level of awareness of corruption and additional sources of information about compliance effectiveness, the CPI has become less influential. Notwithstanding a growing understanding of global corruption over the two-and-a-half-decade period, the CPI undoubtedly is the starting point for focusing on the strength of corruption in a given country. With increasing attention to the adoption of compliance measures by most states, the CPI is a starting point for private organizations looking for partners for investments. However, most private investors as well as the International Monetary Fund and the World Bank, utilize additional resources to determine the effectiveness of compliance measures to determine as best as they can the actual usefulness of such efforts in a given country.

TI's rating played an even more significant role in targeting anti-bribery programs in the early period of its ranking system availability. If a country was at the lowest percentile range, it would drop off a list of possible locations for investment. Today, investors will go into a venture knowing that a particular state needs an anti-bribery compliance program. Aggressive enforcement of international anti-bribery regulations has had the effect of forcing companies to utilize an ever-increasing amount of their expertise to assist nations requiring a strengthening of their compliance performance.

A particularly poor CPI score may mean an investor will initiate a company policy compelling its executives to obtain pre-approval before having dinner with any government official. A poor ranking may mean that employment of third-party contractors in a country of interest will be more highly scrutinized to make sure they are not intermediaries for bribes (see Chayes, *Thieves of State*, for an examination of this premise). Such precautions by investors are valuable should authorities in the United States or other investor-rich countries investigate possible misconduct, whereby a company's compliance staff can maintain that it has documented its audit choices that were guided by concrete perception index numbers.

Although concern has been repeatedly expressed regarding the aggregating of its national sources for national perception surveys (Andersson & Heywood, 2009), TI's CPI lacks any claim to or assumption of diversity. The correlations between the various components run very high, between 80 and 100 percent, because overwhelmingly, the same kinds of people are being asked for their perceptions. However, such sources, when aggregated, do not produce a picture of a country's reality concerning the public's perception of corruption in a given country. However, success is essentially a matter of its utilization of a network of experts and highly placed insiders, rather than a movement representing protestors or activists eager to expose specific instances of corruption. TI's apparent strategy is to be a coalition builder working to reform corrupt systems and cooperating with existing international organizations also at work to build effective tools for fighting corruption. TI's role as the secretariat for the International Anti-Corruption Conference (IACC) is an example of TI's facilitator strategy.

The IACC is a series of international conferences organized in association with representatives of local and national governments and private sector organizations engaged in combating corruption. The first IACC was held in 1983 in Washington, D.C., and has since been held every two years in a different host country. The eighteenth edition of the IACC will take place in Copenhagen, Denmark, on October 22–24, 2018. The significance of Denmark as the next host is that nation's prominence as one of the least corrupt nations in the TI rankings.

The IACC draws attention to corruption by raising awareness and stimulating debate. It provides a global exchange of experiences and methodologies employed in controlling corruption and promotes international cooperation among agencies and citizens by providing the opportunity for face-to-face dialogue and direct liaison between representatives from the agencies and organizations taking part.

In a well-developed integrity system, the issues that underpin good governance and promote the ethical and practical pursuit of public purposes would be diffused throughout the social, economic, cultural, legal, and political institutions of a state. Some individual efforts by international organizations have addressed aspects of corruption requiring distinct action and attention. For example, the World Bank Institute has been active in promoting enhancements to integrity systems by activities such as disclosing assets and incomes of public officials and political candidates, and political campaign contributions. Also, the World Bank has promoted the banning of further contracts with firms involved in bribery, has promoted transparent procurement systems, and supported high transparency standards for public financial reporting space for transparency. *This blog by Transparency International provides an independent and informed viewpoint on corruption. It gives a space to start a worldwide conversation on possible solutions to overcome corruption, and on governance, transparency and accountability.*

Public procurement in many states presents a particularly high risk of corruption. The OECD projects procurement spending averages between 10 and

20 percent of total contract costs. With governments around the world spending about 4 trillion U.S. dollars each year, procurement of goods and services may cost a minimum of $400 billion per year.

The World Bank alone spends $42 billion on procurement in 172 countries. It has made collecting information regarding the true identity and ownership of bidders for public procurement a requirement. Accordingly, TI and the World Bank are encouraging countries to require bidders for public procurement contracts to register the actual owners of a bidding company.

Individual states are slowly realizing that financial information is critical to commerce and investment. Following the Enron scandal in 2001, the U.S. government took the step of adopting new regulations directed to restoring the confidence of investors in accurate, reliable financial statements of private companies. Their objectives were to reinforce corporate governance, limit conflict of interest, enhance accountability, and increase the number and the severity of criminal and civil penalties.

In the United States, *The Public Accounting Reform and Investor Protection Act of 2002*, also referred to as the *Sarbanes-Oxley Act*, created the Public Company Accounting Oversight Board to create independent and effective oversight of external corporate auditors (frequently internationally ranked accounting firms), and to expand criminal penalties for destroying, altering, or fabricating records to mislead federal investigations or to defraud shareholders. Of particular interest, the legislation mandates that chief financial officers and chief executive officers of private firms in the United States take individual responsibility for the accuracy and completeness of corporate financial reports (Powell, 2017).

As a means of addressing and bringing to light the importance of bribery, beginning with the first publication in 1999 to the most recent one in 2011, TI has periodically presented a report on bribes by private companies engaged in international contracts. The report, known as the Bribe Payers Index, is based on reports by business executives and ranks 28 of the world's largest economies according to the perceived likelihood of companies from these countries paying bribes abroad. The countries and territories ranked in the Index are from all the regions of the world, representing almost 80 percent of the total world outflow of goods, services, and investments.

The 2011 Bribe Payers Index report draws attention to the role that both the private and public sectors can play in attacking this issue (TI, 2011). It also makes some actionable recommendations, for both businesses and governments, on how they can toughen their efforts to make significant progress in reducing the prevalence of foreign bribery around the world. The problem identified by the Bribe Payers Index is an acknowledgment that many of the industrialized countries ignore bribes by firms from their countries operating in other jurisdictions. The Index specifies the degree of complicity in such activities by industrialized states. Also included are the diverse types of bribery across sectors, which, for the first time, encompass bribery among companies ("private-to-private" bribery).

Engaging in bribery produces instability for the companies involved and presents ever-growing reputational and financial risks. There are recent anti-bribery

reforms in some major countries around the world, such as in China and the United Kingdom, and such reforms are reflected in comparisons in the Index over the years. Companies from Russia and China, which invested $120 billion overseas in 2010 and are at the bottom of the list, are perceived as most likely to pay bribes abroad, while companies from the Netherlands and Switzerland are seen as least likely to bribe.

TI has been exceptionally successful. Its message has been crisp and profound. As unpretentious as a ranking may be, it successfully tells a story. Corruption has been so rooted in the cultures of the world that explanations and arguments have been inconsistent and confusing. The universal utilization of the Index has served as a motivation for additional attempts to explain and analyze corruption.

Few writers have effectively penetrated the fog of culture, transparency, accountability, and citizen trust with a clear message that explains and illuminates the damaging erosion of the human spirit that corruption causes. However, TI's creation in 1995 was well coordinated with the consistent and pervasive work concurrently accomplished by the UN in gaining agreement among the nations of the world that corruption was a problem that had a significant negative influence on development, democracy and the continued economic and social development of progressive international relations. The integration of the accomplishments of the UN by the OECD opened the door to a further leap into a comprehensive race toward effectively dealing with corruption.

Nonetheless, there are still problems to solve. Cynthia Lynch and Tom Lynch point out in chapter 14 that corruption is best understood as a continuing progression rather than a fixed phenomenon, that it both grows and declines as a social reality, and accordingly, the continuing practical challenge is to curb its growth when discovered and ideally to prevent it from ever gaining a foothold. Bribery has been addressed on an international and national level, but it continues to be prevalent, in all nations. Infrastructure projects continue to be plagued by wastefulness and greed and by the failure of governmental systems to monitor effectively the multiple transactions and the details of major mega projects.

This is a message that resonates quite loudly in this edited volume. As the case studies of countries from around the world demonstrated, despite intensive efforts to implement a broad range of anti-corruption measures the problem of malfeasance persists. This is as true in places like Canada, New Zealand, Australia and the United States, which are perceived as being among the least corrupt countries in the world and have long embraced efforts to rein in acts of political and administrative corruption, as it is with the many African and Arab states that have more recently endeavored to address their engrained cultures of corruption.

Another facet of the international movement to address corruption has been the activities of nongovernmental organization, generally funded by many of the international institutions addressed above, seeking to assist developing nations in anti-corruption activities. While many of these efforts were noble in

nature and undertaken in good faith, there has grown a realization that they have had relatively little impact on corruption. Any successes have been coincident with accomplishments by anti-corruption strategies implemented or mandated by international organizations discussed in this Chapter (Brown & Cloke, 2004); De Sousa, Larmour, & Hindess, 2012).

In the next section of the chapter, we briefly review these cases to glean insights into the nature and persistence of corruption, and how states created institutions to address corruption and to explore how to best implement successful anti-corruption strategies.

15.3 The scourge of corruption around the globe: lessons learned

One of the first points to be highlighted is that global anti-corruption initiatives, especially those led by the UN, OECD, and TI, have been hugely influential. States across the globe are aware of their existence, and there has been a widespread endorsement of these conventions leading to tangible state responses. Although many of the countries examined in chapters 3 through 13 in this book continue to struggle with wholly living up to the provisions contained therein. For example, the majority of the African and Arab states have ratified the United Nations Convention Against Corruption (UNCAC), which intends to prevent corruption through the adoption of anti-corruption measures that impact the member states' laws, institutions, and practices. Dina Wafa, in her chapter on the Arab World, focuses on the three preventative principles of the UNCAC, namely that each state develop and coordinate anti-corruption policies that promote the participation of society, preventive policies and legislation, and transparency and accountability. The Latin American approach similarly focused on the participation of civil society in fostering anti-corruption initiatives, be it raising public awareness of the problem of corruption, creating mechanisms for detecting corruption or establishing new institutions to prevent and punish corruption. Despite these various measures, international indices continue to indicate a widespread manifestation of corruption in the Latin American, African, and Arab regions.

However, it is essential that, as alluded to previously, measuring corruption is challenging because most instances of corruption are insidious; corruption is typically covert in nature, and only limited information about the extent of the problem is available. Acts of corruption that become public will invariably become political scandals; however, these are often fleeting, leaving the public outraged but ultimately relatively ignorant about how pervasive corruption happens to be in their public and private sector organizations. Chapters 3 through 13 in this edited volume – addressing virtually every region of the world, from the Arab World to Europe, to South East Asia, to North America to Latin America and Southern Africa – have referred to TI's CPI as an indication of the level of corruption in their respective societies. However, there are some scholars who challenge the CPI as an insufficient measurement of corruption

since perceptions may not be well correlated with reality, or the assessments may reflect different understandings of the phenomenon. This then raises the question of how corruption is defined in different cultural contexts.

Despite these concerns, the CPI continues to be an enlightening source of information on corruption trends: Menzel noted in his chapter 5 on Corruption in China that the CPI ratings seem to place China in the middle of the countries examined; Pyakuryal and Cox, in their chapter 6 on Corruption in South Asia, referred to the below-average scorings of all states in the South Asia region; Mantzaris and Pillay, in their chapter 4 on Corruption in Southern Africa, pointed out that the CPI scores for Southern Africa indicate a deterioration with ninety percent of African states receiving a score below 50 (TI 2018); and finally, Wafa, in chapter 7 on corruption in the Arab World, referred to the fact that only two of the 22 Arab states scored above 50 in 2018 (TI, 2018). Moreover, as Peña noted in chapter 13 on corruption in Latin America, the results for Latin America have been equally troubling, with only two countries (Chile and Uruguay) receiving a score above 70 and many countries in the region struggling to reach a score of 40 in the 2018 CPI.

Second, while it may be difficult to measure definitively corruption in any given political jurisdiction, we can state with confidence that no country is immune to the problem. As the case chapters revealed, even countries like Canada, New Zealand, Australia, and the United States, all of which perennially rank amongst the least corrupt countries in the world, continue to grapple with various acts of corruption in their public and private sector organizations. This is despite the fact, as Powell noted in chapter 12, that the United States is probably the global leader in terms of the comprehensive array of resources that are dedicated to investigations of suspected corruption. In most instances, the acts of corruption are not as egregious in these leading "clean" countries as compared to the list of most corrupt states – for example, ordinary citizens in countries like Canada and the United States do not need to offer bribes to public servants in order to receive basic government-sponsored services – but they nonetheless continue to be beset with various forms of graft and malfeasance by unscrupulous politicians and bureaucrats determined to pursue personal gain in place of the public interest.

For those countries that are considered to be deeply corrupt, where there is an ingrained culture of self-interest and personal gain, it may be disheartening for reformers to realize the possibility that the scourge of corruption is unlikely ever to be eliminated. However, at the same time, it should help to alleviate the despair that can easily emerge when progress towards the elimination of corruption is more difficult to identify. Here we are thinking of a comment made by Peña in his chapter on Latin America, who noted that it would be easy to conclude that anti-corruption measures are futile given the persistently poor CPI scores of many countries in this region over a period of more than a decade despite the implementation of new laws and the creation of new anti-corruption agencies. To echo the concluding words of Masters and Hall in chapter 8 on Australia and New Zealand, however, "perpetual vigilance is

required to deal with corruption." Many of the African, Asian, Latin American, and Arab countries that are in the early stages of addressing their corruption problems by implementing a range of anti-corruption measures need to persevere in their efforts.

Furthermore, as Więcek-Starczyńska, Mroczek-Dąbrowska, and Trąpczyński noted in chapter 10, in their multidimensional comparative analysis of 29 European states during the period from 1999 to 2013, it is not just the poorest countries in the world that have high levels of corruption. They concluded that there tended to be a correlation between low levels of corruption and high levels of globalization, a stable economy, and favorable human development. Their study also revealed a wide level of variation between the European countries they studied when some different variables were considered. A diversity of experience with corruption and efforts to control it was a common theme identified by Pyakuryal and Cox in their chapter 6 on Southeast Asia, which they noted is a quite diverse region with a wide range of ethnicities, colonial history, cultures, and government structures; therefore, patterns of corruption are not uniform. However, common challenges that emerge amongst the states of Southeast Asia include the protective shield of networks created by bureaucrats that resist efforts to combat corruption, retain the status quo, and ingrain a corrupt culture.

Another key conclusion to emerge from the case studies considered in this book is the predilection for states – both developed and developing – to focus on legal and institutional approaches to the control and elimination of corruption. Time and time again, we have witnessed states resorting to the implementation of new laws, formal and informal codes of conduct, and the creation of new anti-corruption agencies, integrity commissioners, as well as royal commissions and other forms of public inquiries as a means of combatting political and administrative corruption. This was unmistakably the approach adopted in the cases considered in part two of this book. Concerning the United States, Powell meticulously documented the federal government's oversight role in combating corruption – everything from the General Accountability Office to the Federal Bureau of Investigation to the oversight provided by the various Congressional Committees to the 72 departmental inspector generals. These institutions have been long established in the United States, but in many of the other chapters focusing on developing regions, the creation of institutions to combat corruption as reform initiatives have been relatively recent. For instance, new special organizations designed to fight corruption have been introduced across Latin America; this was also the strategy in the Southern African states surveyed in the chapter by Mantzaris and Pillay. As Menzel noted in chapter 5, for its efforts, China has followed a very legalistic path by implementing more than 1,200 laws, rules, and directives against corruption. Masters and Hall reflected on the pervasive use of royal commissions and other public inquiries in their chapter on corruption in both Australia and New Zealand for ferreting out political and administrative corruption, several of which morphed into permanent anti-corruption agencies over time. They also suggested that, despite

some uniform features, anti-corruption measures need to be tailored to fit the needs of the country in question.

As much as each of these institutional reform elements is an integral element of a successful anti-corruption strategy, they also have their limitations. The broader literature on corruption has noted many of these shortcomings: the effectiveness of codes of conduct for controlling corruption in the public sector has been questioned (Garcia-Sanchez, Rodriguez-Dominguez, & Gallego-Alvarez, 2011); anti-corruption commissions have been criticized for frequently being symbolic and, consequently, end up being dysfunctional (Heilbrunn, 2004). It has also been suggested that anti-corruption agencies are only potentially useful if the countries utilizing them have a minimum set of conditions required for effective governance (Meagher, 2005).

The case studies in this volume contribute to this debate. More specifically, they clearly establish that reform efforts and regulations to combat corruption and improve a nation's ranking may be put in place, but the effectiveness of these strategies remains questionable because there is often insufficient political will, a lack of implementation capacity, token citizen empowerment and participation, and embedded cultural norms that regularize and perpetuate corrupt practices. As Masters and Hall revealed in chapter 8, even New Zealand and Australia have been criticized by the OECD for the weak enforcement of their anti-corruption laws.

In the case of the Arab world, with a few variances and exceptions, a paternalistic social contract also creates a rich culture for the manifestation of corruption. Most states predominantly suffer a patrimonial culture, as is typically the case with post-colonial states. This also seems to explain the lack of political will and diminished societal participation in the region. However, the post-colonial patrimonial culture as a link to corruption seems to be somewhat challenged by several countries in Asia that have been quite successful in adopting anti-corruption strategies. In the Arab region, rapid economic growth and high diversity within states seem to capture more attention.

Despite some legal and institutional measures to combat corruption, the lack of political will and the patrimonial culture seem to be at the root causes of corruption in the Arab states. The unbalancing of the social contract leads to a diminished role for citizen power, as the state becomes the main source for resource allocation. Focusing on access to information as the foundation for societal participation and accountability shows progress regarding constitutional rights and legislative reform in the Arab region. Institutional access remains problematic in addition to the vagueness, exemptions, and limitations of legislation designed to curb corruption, which continues to limit progress. Furthermore, civil society in the region continues to face restrictions on the scope of activities and in funding.

The paternalistic culture, not surprisingly, is also a common factor in the case of Africa. This similarly seems to explain the lack of political will and diminished societal participation in the region as both Enweremadu, in his chapter on West Africa, and Mantzaris and Pillay, in their chapter on Southern

Africa, point to the ineffectiveness of anti-corruption agencies due to a lack of political will and legislative loopholes. For instance, in southern Africa, an anti-corruption agency, such as the DCEO in Lesotho, suffers from limited capacities and funding; the Anti-Corruption Bureau in Malawi is constrained by both legislative and financial limitations; and the Directorate on Corruption and Economic Crime in Botswana is undermined because of its limited jurisdiction since it may only investigate public bodies. In the chapter on West Africa, which specifically focused on Nigeria, Enweremadu compared the works of two anti-corruption agencies: the Independent Corrupt Practices and Other Related Offences Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC) for the period from 1999 to 2007. Legislative loopholes and lack of political support hampered the first anti-corruption agency, and so with some effort to avoid the same problems the latter entity was created and was somewhat more successful. Nonetheless, it still confronted limitations faced by most anti-corruption agencies, including continued legal inadequacies and lack of a clear political mandate for change.

It is impossible to overstate the importance of having the requisite political will when it comes to fighting corruption. Elsewhere, in examining the problem of corruption in Asian countries, Quah (1999, p. 490) emphasized that anti-corruption strategies were ultimately successful in Hong Kong and Singapore because they were "blessed with political leaders who are determined to remove the problem of corruption in their countries." However, even when political and administrative leaders are fully committed to eradicating corruption, they face an arduous task to accomplish their goal – a point that is quite evident in the case studies in this edited volume. For example, in chapter 5, Menzel outlined the efforts of Chinese president Xi Jinping to deal with the so-called flies and tigers (low- and high-level officials) in China, who often succumb to the temptation of corruption. While it was noted that Xi had made much progress in a very short period, Menzel nonetheless stresses the need for more effective enforcement, improved education, and training for officials and the public, greater transparency, and political reform. The ambitiousness of that reform agenda is palpable.

In the Canadian case in Chapter 11, Mau notes that there were real concerns about whether or not the former prime minister and political executive were fully committed to promoting good (ethical) governance and accountability to the public. While Prime Minister Harper was first elected in 2006 on a promise to restore accountability in government, the behavior exhibited by cabinet ministers, political staff members and Senators (from all political parties) over his ten years in office certainly did not live up to that rhetoric. A culture of entitlement appears to have emerged amongst the Canadian political class, one that has not disappeared with the arrival of a new Liberal government led by Justin Trudeau in 2015. It may seem odd to be concerned about corruption in Canada when considered against international standards; however, any corruption in the public sector, no matter how minor, only serves to undermine public trust and confidence in the government. Therefore, just as Peña asserted

in chapter 13 that Latin American countries need to have a "good example of strong, ethical leadership from the upper echelons of the political executive" to root out corruption, so too does Canada. Canada may be further ahead of much of the world in terms of its legal and institutional mechanisms for dealing with corruption, but it is equally in need of political and administrative leadership to foster an ethical culture.

15.4 Conclusion

Scholars have addressed corruption in its various forms, on all continents, and produced a voluminous body of work (Heywood, 2015; Elliot, 1997; Mungiu-Pippidi, 2015; Johnston, 2005). As Charles Garofalo suggests in chapter 1, corruption is *en vogue* in academic circles. Scholars also continue to debate the prominence of ethical behavior as the key to successfully creating a professional public workforce, and whether laws and regulations as the mainstay of compliance systems can effectively be comprehensive enough to foresee every deviant behavior in a continuing circle of more laws and regulations seeking a perfect administrative state. Garofalo points out that prescriptions and penalties responding to corruption are necessary, but they are not sufficient to sustain substantive, enduring change. As we have noted in our recent history, legislation is enduring, but it is never sufficient to foresee the creativity of individuals to be innovative in avoidance of sanctions.

Clearly most nations are concurrently building a value-oriented system to create and strengthen an ethical culture for their governments. However, the goal may be the formation of an arrangement of ethical management that mergers both reinforcement of integrity and ethical behavior in the governmental workforce and compliance systems that control the pervasiveness of greed more characteristic of private organizations. A goal of creating and maintaining a culture of integrity in public organizations may require a recognition among political leaders that the goals of public entities are at a higher level than the goals of the private sector; that service in the public interest may be considered the core of democratic theories of government. Critical to the success of a public structure based on integrity and ethical management, however, is political leadership; a recognition of the importance of the right values among the world's leaders.

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