

# **Political Corruption: An Introduction to the Issues**

Inge Amundsen

**WP 1999: 7**

## Recent Working Papers

- WP 1997: 17 KNUDSEN, Are  
*Mountain protected areas in Northern Pakistan: the case of Khunjerab National Park.* Bergen, December, 1997, 23 pp.
- WP 1997: 18 NORDÅS, Hildegunn Kyvik  
*Some reasons why capital does not flow from rich to poor countries.* Bergen, 1977, 15 pp.
- WP 1998: 1 HANSEN, Cecilie Fosse  
*Skatteunndragelse. En studie av kommunebeskatning i Tanzania.* Bergen, januar 1998.
- WP 1998: 2 SKAAR, Elin  
*Profitt eller moral? Ein diskusjon om næringslivsinteresser og menneskerettar.* Bergen, 1998, 21 pp.
- WP 1998: 3 SUMAILA, Ussif Rashid  
*Protected marine reserves as fisheries management tools: A bioeconomic analysis.* Bergen, 1998, 26 pp.
- WP 1998: 4 SUMAILA, Ussif Rashid and C.W. Armstrong  
*Cannibalism and the optimal sharing of the North-East Atlantic cod stock: A computation model.* Bergen, 1998, 27 pp.
- WP 1998: 5 FJELDSTAD, Odd-Helge  
*Why people pay taxes. The case of the development levy in Tanzania.* Bergen, March 1998, 43 pp.
- WP 1998: 6 NORBYE, Ole David Koht  
*Does aid to institution development work? Reflections on personal experiences.* Bergen, May 1998, 27 pp.
- WP 1998: 7 KNUDSEN, Are  
*Beyond cultural relativism? Tim Ingold's "ontology of dwelling".* Bergen, May 1998, 17 pp.
- WP 1998: 8 FJELDSTAD, Odd-Helge  
*Korrupsjon.* Bergen, 1998, 36 s.
- WP 1998: 9 KNUDSEN, Are  
*Land dispute and death enmity in a Kohistani mountain village (Pakistan).* Bergen 1998, 30 pp.
- WP 1999: 1 BRÄUTIGAM, Deborah and Kwesi Botchwey  
*The institutional impact of aid dependence on recipients in Africa.* Bergen, 1999, 39 pp.
- WP 1999: 2 BRÄUTIGAM, Deborah  
*Local entrepreneurs, networks and linkages to the global economy in Southeast Asia and Africa.* Bergen, 1999, 23 pp.
- WP 1999: 3 SUMAILA, Ussif Rashid  
*Impact of management scenarios and fishing gear selectivity on the potential economic gains from Namibian hake.* Bergen, 1999, 25 pp.
- WP 1999: 4 HELLAND, Johan  
*The co-operation between Institute of Development Management – (IDM (Tanzania) and Agder College (Norway).* Bergen, 1999, 29 pp.
- WP 1999: 5 PAUSEWANG, Siegfried  
*Humanitarian assistance during conflict in a state-less society: The case of Somalia.* Bergen, 1999, 25 pp.
- WP 1999: 6 FJELDSTAD, Odd-Helge  
*Controlling fiscal corruption. Theoretical approaches and illustrations from Tanzania.* Bergen, 1999, 30 pp.

# Summary

Corruption is generally defined as the misuse of public authority, and political corruption is here defined as corruption in which the political decision-makers are involved. In addition to a review of the various definitions of corruption a classification of the various forms of corruption (bribery, embezzlement, fraud and extortion), this paper presents two alternative theories on corruption (“extractive” and “redistributive”) in order to illustrate the effects of corruption in various regime types. Furthermore, the paper presents some causes and effects of corruption, in particular in economic and political terms. Finally, there various sources of anti-corruption initiatives and endowment are discussed. Even when the effect of democratisation in curtailing corruption is not too strong according to the possible source of corruption).

# **Political Corruption: An Introduction to the Issues**

Inge Amundsen

**WP 1999: 7**



**Chr. Michelsen Institute** *Development Studies and Human Rights*

This series can be ordered from:

Chr. Michelsen Institute

P.O. Box 6033 Postterminalen,

N-5892 Bergen, Norway

Tel: + 47 55 57 40 00

Fax: + 47 55 57 41 66

E-mail: [cmi@amadeus.cmi.no](mailto:cmi@amadeus.cmi.no)

Web/URL:<http://www.cmi.no>

Price: NOK 50 + postage

ISSN 0804-3639

ISBN 82-90584-40-7

## **Indexing terms**

Corruption

Political corruption

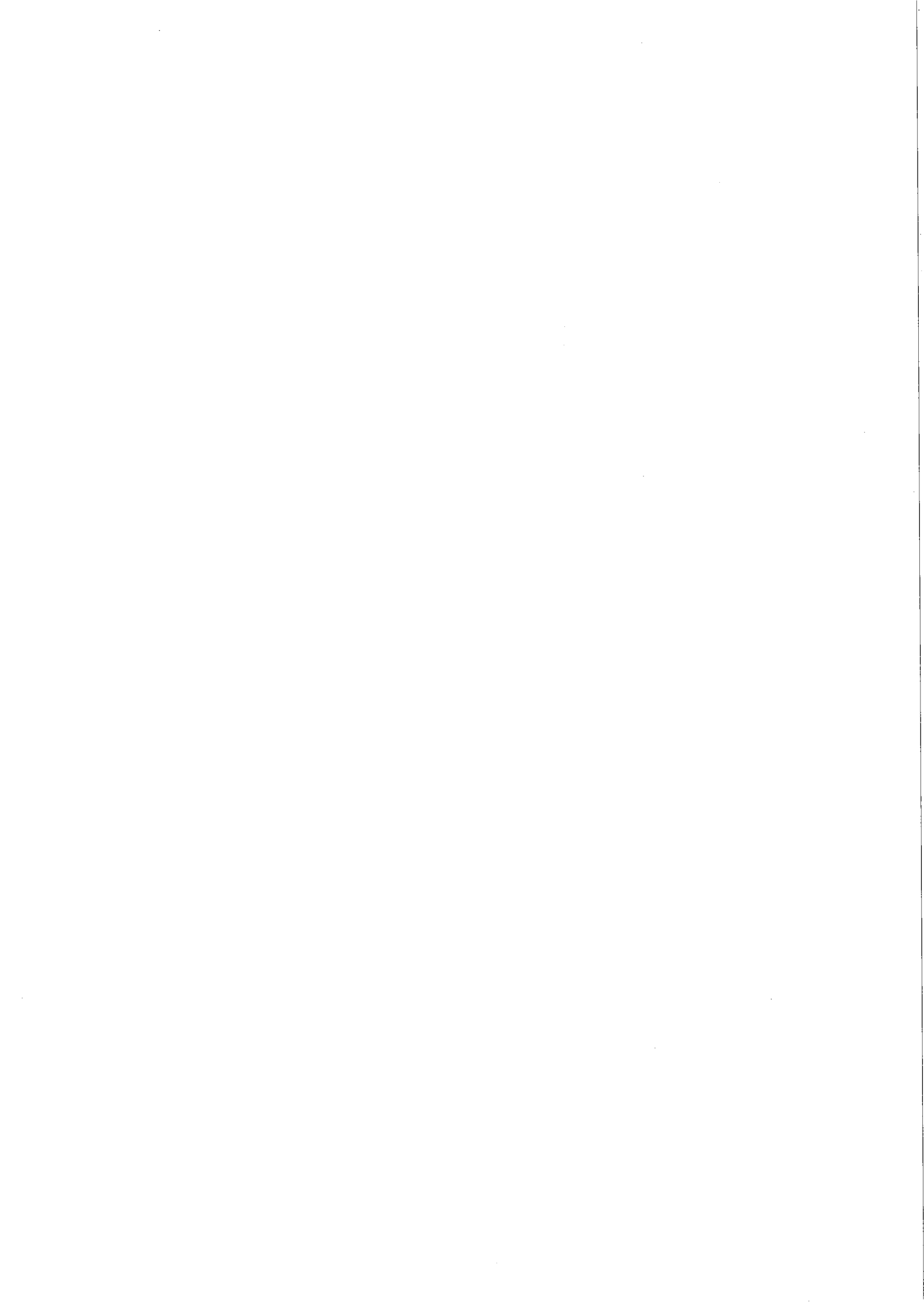
Neo-patriomonialism

Democratisation

© Chr. Michelsen Institute 1999

## Contents

1.	Introduction	1
2.	Corruption: some definitions	1
2.1	The state is always involved	2
2.2	Political corruption and bureaucratic corruption	3
2.3	Private corruption and collective corruption	4
2.4	Redistribution and extractive corruption	5
2.5	Some corruption-related concepts	10
3.	What causes corruption?	15
3.1	Economic explanations	15
3.2	Political explanations	17
4.	What are the consequences of corruption?	19
4.1	Economic consequences	19
4.2	Political consequences	20
5.	Curtailing corruption	21
5.1	External or international control	22
5.2	Executive control	24
5.3	Internal or institutional control	25
5.4	Democratic control	25
6.	How to study corruption	26
7.	Summary	29
	References	30
	Annexes	31



## **Acknowledgements**

A very preliminary version of this paper was presented at the conference "*The many faces of corruption: Comparative approaches to the theory and practice*", organised by Muwatin, the Palestinian Institute for the Study of Democracy in Ramallah, Palestine, April 1999.

In addition to comments from a broad audience at this seminar and the opinion of Dr Ziad Abu Amr, I am grateful to colleagues at the CMI for valuable comments. The institutional and scientific cooperation between the CMI and Muwatin is financially supported by the Royal Norwegian Ministry of Foreign Affairs.





## 1. Introduction

Corruption is a disease, a cancer that eats into the cultural, political and economic fabric of society, and destroys the functioning of vital organs. In the words of Transparency International, "*Corruption is one of the greatest challenges of the contemporary world. It undermines good government, fundamentally distorts public policy, leads to the misallocation of resources, harms the private sector and private sector development and particularly hurts the poor*"<sup>1</sup>.

Corruption is found almost everywhere, but it is stubbornly entrenched in the poor countries of Sub-Saharan Africa, it is widespread in Latin America, it is deep-rooted in many of the newly industrialised countries, and it is reaching alarming proportions in several of the post-communist countries.

Corruption has been the subject of a substantial amount of theorising and empirical research over the last 30 years, and this has produced a bewildering array of alternative explanations, typologies and remedies. However, as an extensively applied notion in both politics and social sciences, corruption is being used rather haphazardly. Corruption is understood as everything from the paying of bribes to civil servants in return for some favour and the theft of public purses, to a wide range of dubious economic and political practices in which politicians and bureaucrats enrich themselves and any abusive use of public power to a personal end.

Besides, corruption is in itself a many-faceted phenomenon and the concept of corruption contains too many connotations to be analytically functional without a closer definition. The forms of corruption are diverse in terms of who are the actors, initiators and profiteers, how it is done, and to what extent it is practised. Also the causes and the consequences of corruption are complex and diverse, and have been sought in both individual ethics and civic cultures, in history and tradition, in the economic system, in the institutional arrangements, and in the political system.

The intention of this article is to classify the various forms of corruption, in order to make corruption into an analytically useful concept for social sciences, and in particular political science. First of all, some definitorial exercises will discuss the different forms of corruption, and locate corruption as an element in a broader political and economic setting. The connection between corruption – strictly defined – and a number of concepts related to corruption will also be addressed in the first part of this paper. Secondly, the main of causes and effects of corruption will be discussed, and the relationship between corruption and economic and political developments. Finally, some references will be made as to the most relevant methodologies by which studies of corruption can be carried out.

## 2. Corruption: some definitions

The issue of corruption has to some extent entered the political and economic sciences from the new interest in the role of the state in the developing world, and in particular from the idea that the state is an indispensable instrument for economic development. In contrast to the largely rejected "state-dominated" and "state-less" development models, there is now much consensus on the relevance of an efficient medium-sized state in economic development. The 1997 World Development Report stated that "*an effective state is vital for the provision of the goods and services – and the rules and institutions – that allow markets to flourish and people to lead healthier, happier*

---

<sup>1</sup> Transparency International, <http://www.transparency.de/mission.html> (Dec. 15<sup>th</sup>, 1998).

*lives. Without it, sustainable development, both economic and social is impossible*" (The World Bank 1997:1).

Corruption has come up as a thematic constituent of this renewed paradigm, in which development necessitates economic reform, which is again dependent on political and administrative reforms like good governance and civil service reforms (CRS), accountability, human rights, multipartyism and democratisation. Besides, very high levels of corruption has been observed where the government is regarded as illegitimate in the eyes of the population (implying widespread disrespect for legal procedures), and in countries where the state plays an interventionist role in the economy. The role of the state and of politics is therefore essential to understand corruption.

### **2.1 *The state is always involved***

The decisive role of the state is also reflected in most definitions of corruption. Corruption is conventionally understood, and referred to, as the private wealth-seeking behaviour of someone who represents the state and the public authority, or as the misuse of public goods by public officials for private ends. The working definition of the World Bank is that corruption is *the abuse of public power for private benefit*.

In Colin Nye's classical and most widely used definition, corruption is "*behaviour which deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence*" (Nye 1967:417). A somewhat updated version with the same elements is found in the definition by Mushtaq Khan, who defines it as "*behaviour that deviates from the formal rules of conduct governing the actions of someone in a position of public authority because of private-regarding motives such as wealth, power, or status*" (Khan 1996:12).

In other words, corruption is a particular (and, one could say, perverted) state-society relation. On the one side is the state, that is the civil servants, functionaries, bureaucrats and politicians, anyone who holds a position of authority to allocate rights over (scarce) public resources in the name of the state or the government. Corruption is when these individuals are misusing the public power they are bestowed with for private benefit. The corrupt act is when this responsible person accepts money or some other form of reward, and then proceeds to misuse his official powers by returning undue favours. For instance, it is an act of corruption when a state official takes a bribe to render some public service that is supposed to be free of charge or demands more than the official cost of it.

The involvement of state officials in corruption is also emphasised in an alternative definition, where corruption is seen as "*a form of secret social exchange through which those in power (political or administrative) take personal advantage, of one type or another, of the influence they exercise in virtue of their mandate or their function*" (Méry cited in de Sardan 1999:49). In sum, almost every definition (or rather conceptualisation) of corruption has a principal focus on the state and politics ("the corrupted"), and a "demand-oriented" perspective.

On the other side of a corrupt act is nevertheless the "supply side", and some theories and conceptualisations exist that emphasise the "corrupters", those who offer the bribes, and the advantages they gain. These suppliers are the general public, or – in other words – the non-state society. The counterparts to the corrupt officials are any non-governmental and non-public individual, corporate and organisational, domestic and external.

Corruption also exists within and between private businesses, within non-governmental organisations, and between individuals in their personal dealings, without any state agency or state official being involved. There is corruption also in the form of bribing, swindling, and mafia-methods within and between private businesses, there are treacherous individuals and disloyal employees also in private firms. This kind of corruption may even have repercussions into the political system as it destroys the public morale, and it may be symptomatic for the general economic and moral development of a society.

However, most definitions of corruption will exclude this intra-societal corruption, and emphasise corruption as a state-society relationship. This is quite appropriate as long as the focus is *not* exclusively on the personal, cultural and social aspects of corruption. Business-internal corruption can and will normally be handled as a disciplinary problem within the firm, as a judicial problem within a given legal framework, or as a moral problem within a cultural setting. Therefore, in contrast to corrupt state-society relations, business internal corruption will not necessarily have to consider the broader political and economic issues.

## 2.2 *Political corruption and bureaucratic corruption (“grand” vs. “petty”)*

In the definition shared by most political scientists, political corruption is any transaction between private and public sector actors through which collective goods are illegitimately converted into private-regarding payoffs (Heidenheimer et. al. 1993:6). This definition does not, however, distinguish clearly between political and bureaucratic corruption. It establishes the necessary involvement of the state and state agents in corruption, without any notion as to the level of authority where corruption takes place.

In a more strict definition, *political corruption involves political decision-makers*. Political or *grand* corruption takes place at the high levels of the political system. It is when the politicians and state agents, who are entitled to make and enforce the laws in the name of the people, are themselves corrupt. Political corruption is when political decision-makers use the political power they are armed with, to sustain their power, status and wealth. Thus, political corruption can be distinguished from bureaucratic or *petty* corruption, which is corruption in the public administration, at the implementation end of politics.

Even when the distinction between political and bureaucratic corruption is rather ambiguous as it depends on the separation of politics from administration (which is unclear in most political systems), the distinction is important in analytical and in practical terms. Political corruption occurs at the top level of the state, and it has political repercussions.

Political corruption not only leads to the misallocation of resources, but it also affects the manner in which decisions are made. Political corruption is the manipulation of the political institutions and the rules of procedure, and therefore it influences the institutions of government and the political system, and it frequently leads to institutional decay. Political corruption is therefore something *more* than a deviation from formal and written legal norms, from professional codes of ethics and court rulings. Political corruption is when laws and regulations are more or less systematically abused by the rulers, side-stepped, ignored, or even tailored to fit their interests<sup>2</sup>. Political corruption is a deviation from the rational-legal values and

---

<sup>2</sup> According to Carbonell-Catilo, President Ferdinand Marcos of the Philippines for instance rewrote sections of the Philippine Constitution to legalise his looting of the nation's wealth (cited in Johnston 1996:323).

principles of the modern state, and the basic problem is the weak accountability between the governors and the governed. In particular in authoritarian countries, the legal bases, against which corrupt practices are usually evaluated and judged, are weak and furthermore subject to downright encroachment by the rulers.

The formal legal framework of the state is therefore insufficient as terms of reference to assess and judge the problem of political corruption. Moral, normative, ethical, and indeed political benchmarks will have to be brought in, not at least because it will be necessary to discern legality from legitimacy when it comes to political corruption. Besides, whereas bureaucratic corruption normally can be dealt with through auditing, legislation, and institutional arrangements, the degenerative effects of political corruption cannot be counteracted by an administrative approach alone. Endemic political corruption calls for radical political reforms.

Political corruption (usually supported by widespread bureaucratic or *petty* corruption) should furthermore be considered as one of the basic modes of operation of authoritarian regimes. It is one of the mechanisms through which the authoritarian power-holders enrich themselves. Here, corruption is rarely a disease that the responsible politicians are eager to avoid, it is a deliberate, wanted and applied practice; it is one of the rulers' modes of enrichment and economic control. Political corruption is consequently a "normal" condition in authoritarian countries, although showing a great variety according to the various forms of authoritarianism.

However, as demonstrated by a large number of corruption scandals in liberal democracies over the years, political corruption is not restricted to authoritarian systems. Nevertheless, by maintaining the link between authoritarianism and political corruption, and a definition of political corruption in terms of state prerogatives manipulated to serve the interests of the rulers, one will see that the essence of the problem of political corruption differs much between authoritarian and liberal democratic regimes. In democratic countries, the problem of political corruption is more of an incidental and occasional nature, and can be dealt with within the existing political system; by reforming, strengthening and vitalising the existing political institutions of checks and balances.

### **2.3 *Private corruption and collective corruption ("individual" vs. "aggregated")***

Observations as well as input from political theory have led to a second analytically important classification of corruption, namely between *private* and *collective* forms of corruption. The degree to which the money or benefits collected through corruption is "privatised", is varying. It may be extraction for the benefit of an individual who will share nothing or very little of the benefits with his equals, or it may be extraction for a particular group with some coherence and unity.

The "private", individual and intimate nature of corruption is repeatedly underlined because of the illegal and surreptitious nature of corrupt transactions. The illegality and immorality of corruption necessitates a collusion or conspiracy between individuals, or at least a certain closeness and confidentiality. As noted, Méry called it a form of *secret* social exchange (Méry cited in de Sardan 1999:49). Furthermore, corruption is regarded as "private" or individual also because private benefits are sought and collected. Corruption holds some private benefit for the corrupt actor, his family or his close friends.

However, corruption may also be "collective". First of all because corruption has a substantial economic effect in aggregate terms, but also because corruption may in itself be a deliberate way of resource extraction for the benefit of a larger group. Some definitions of corruption also emphasises the point that the rulers as a group or

class, or as an institution or organisation, make unjustified use of their influence to extract resources for the benefit of the group as such. Many well-known and well documented cases of grand corruption has involved political parties (ruling parties in particular, but also prospective ruling parties), entire administrative bureaux, and national governments.

Corruption has a strong inclination for "collectivisation". To keep quiet and gradually take part in the practice is usually much less costly than to blow the whistle, inform, and confront. A conspiracy between individuals is easily extended into a larger practice involving colleagues, partners, assistants, patrons and superiors. Instances of petty corruption may therefore develop into larger networks, cliques and medium-sized brotherhoods, and finally into large-scale institutionalised corruption if unchecked, if there is "room for manoeuvre".

As corruption spreads, the social acceptance of it may also increase. When it is generally understood that there is a climate of corruption, still more people will believe it is inevitable and expected. In particular is corruption in high places contagious to lower level bureaucrats and other state agents, as these will follow the predatory examples of, or even take instructions from, their principals.

#### **2.4 *Redistributive and extractive corruption ("from below" vs. "from above")***

In whose interest does corruption take place, and who benefits the most from corruption? The various definitions of corruption maintain that the state (or some state agent) is always involved, and that corruption is basically a particular state-society relationship. It is furthermore maintained that this relationship is based on a mutual exchange of benefits, that it is an exchange from which both the state (the state agent) and the society (the individual citizen, client or businessman) will draw some immediate and private benefit. This relationship of mutual exchange is rarely balanced, however. In aggregate terms corrupt practices will generate a flow of resources either from the society to the state (extractive corruption, or corruption from above), or from the state to the society (redistributive corruption, or corruption from below).

As noted by Heidenheimer, some researchers have made the distinction between corruption initiated by the office-holder and corruption initiated by the favour-seeker (Heidenheimer et.al., 1993:12). This is a useful distinction, but as the initiator takes the initiative to corrupt the relationship presumably because he believes corruption will be to his benefit more than to his disadvantage, this distinction overlaps with the distinction between corruption in the interest of the state agents and corruption in the interest of non-state actors.

To complicate this a bit further, it should be noted that upward and downward flows can take place simultaneously in different sectors and at different levels. Some ministries may for instance be very efficient in illegal resource extraction while others may be vulnerable to external influence and be extorted. Furthermore, the flows of resources differ much in quality. The resources exchanged can be countables like money, wealth and fiscal privileges to the one party, and uncountables like "influence", "identity" and "security" to the other.

This implies for instance that the state as a group or elite may extract substantial resources in the form of wealth and power *from* the nation or the society at large, while the society in return will have only symbolic resources like protection and national identity. In many cases, corrupt practices have established extremely well to do political and state-based elites (ruling classes) amidst poverty and recession. On the other hand, businesses and other groups may be very successful in getting tax

exemptions and other privileges from corrupt officials in weak states, to the extent that the unity and coherence of the state and its policies are ruined, the policy implementation capacity ravaged, and the resources of the nation depleted. In extreme situations, the state may be held hostage to and torn apart by forceful groups in society.

The effect of the corrupted state-society relationship, and the direction the aggregated flow of resources will take, is not given *a priori*. Only historical and empirical research into this relationship in given countries can reveal its true character. The role of corruption within this broader perspective of a state-society relationship is, however, usually understood –implicitly, and in aggregate terms– as either benefiting certain sectors of the society (like business interests and emerging capitalist classes) or certain state elites (like juntas and single-party nomenclatures).

### **The theory of redistributive corruption**

In what can be called the *theory of redistributive corruption*, the state is the weaker part in the state-society relationship. Here, various social and economic groups, interests or individuals are organised and powerful enough to draw more benefit from the corrupt practices they engage in with the state as a counterpart, than is the state and the ruling elite. The main beneficiaries of the resources extracted, privatised and consumed are not the political and state-based elite, but state resources are depleted and distributed to various groups and interests according to the power configurations in each country<sup>3</sup>.

The theory of redistributive corruption is based on the experience of some of the most fragmented states in the world, like Bangladesh where state degradation is largely due to the relative power of clientelist networks, and Russia where there is an extreme growth in mafia activity. The focus is mainly on the “subversive” groups and powers, and the degenerative effects of this kind of corruption on state institutions and the national economy. Here, politically strong and organised groups will for instance be able to challenge state authority “from below” through corruption. Through corruption, alliances will be forced with functionaries who will deliver state services and goods; politicians will be bought to tailor rights and regulations that will benefit those who pay for it; and political influence will be bribed or extorted as the regime’s mere survival may depend on political support from these groups.

Who, in society, will benefit the most from this kind of corruption depends on the local distribution of forces. It might be powerful ethnic or regional groups or clans who are strong enough to extract much more from the state than their fair part of public investments, development projects, international aid, regional autonomy and representation in national institutions. It might be foreign or local corporate interests that are able to buy under-priced national resources, concessions, preferential treatments, permissions, and tax exemptions. It might be the general population, individuals who are able to buy benefits like tax exemptions, subsidies, pensions, or unemployment insurance, or get preferential access to privileged schools, medical care, housing, real estate or ownership stakes in enterprises being privatised.

The loser in this game is the state and its regulating capacity. When private citizens, commercial businesses (local and international) and various interest groups (formal and informal, modern and traditional) are able to buy national and public resources cheaply, to buy exceptions, privileges, immunity and impunity through the

---

<sup>3</sup> Therefore, the notion of “redistribution”. However, this notion does not imply any equal or fair allocation of resources. The distribution of resources still follows the distribution of power in society.

use of kickbacks and mafia methods vis-à-vis public officials, the state will be eroded. The effect of “redistributive” corruption is that the state is rendered incapacitated and politically impotent. The capacity of the state to extract taxes and render public services will be eroded; its ability to implement coherent policies is destroyed, as well as the state’s ability to transform the society and the economy according to political priorities and to execute rational development policies.

Furthermore, redistributive corruption will “particularly hurt the poor” because resources are privatised and redistributed according to the ability of groups to influence policies through pressure and bribes, and not through the principle of “one man one vote”. Resources will not be distributed according to “universalistic” or ideological considerations of needs and fairness. Those in most need of political redistribution, in terms of basic public services like schools, health, social services, and state protection, will suffer the most when the state’s capacity is crippled.

*Feudalisation* is a term that has been used when weak states are manipulated by strong societies, when the state is losing control to “civilian” forces. Feudalisation refers to the “privatisation” and “decentralisation” of the state, and underlines the clientelist relationship involved. Feudalisation occurs when entire geographical areas, economic sectors and/or military units are taken over by “private” interests. In the short run, a ruler might benefit from deliberate feudalisation in terms of loyalty (from local or regional strongmen, clientelist groups or vassals), and in terms of an assured delivery of the votes for the ruling party in elections, but in the long run the unity of the state is jeopardised.

The case *par excellence* is Russia, where the control of large tracts of the state’s prerogatives and institutions like regional tax bases, military regions, security operations, and even legislation, have been handed over as fiefs to private powers like bankers, private companies and military leaders<sup>4</sup>. In Cameroon, in return for loyalty and the delivery of votes, the president and ruling party have given certain regions ruled by ancient dynasties almost unrestricted powers<sup>5</sup>. The president has bought their loyalty by giving them the exclusive right of local taxation, and the “palace guards” of the have developed into paramilitary forces with unrestricted tribunals and dreaded prisons. In both cases, the problem is that when the ruler or the state elite through “feudalisation” is able to retain and secure its control of the central government and of important regions, the everlasting faithfulness of the latter is never guaranteed.

### **The theory of extractive corruption**

In the alternative view, in what can be called the *theory of extractive corruption*, the state is the stronger part in the state-society relationship. According to this theory, the corrupted (the state or some state agent) benefits the most from corruption and the corrupter is more or less a passive player. Essentially, the ruling elite is the strongest force in society, this elite or class uses the state apparatus as its instrument to extract resources from society, and it does so for the benefit of the rulers. This theory is partly based on the operation of authoritarian countries in general, and on the experience of the neo-patrimonial states in particular.

---

<sup>4</sup> “Thus, just as the Carolingian Emperors dealt with the attacks of the Vikings, Hungarians, and Saracenes by turning over provinces to their officials as fiefs, Yeltsin turned over the interest on the state’s money to the new bankers in return for (illegal) campaign contributions, and turned over control of the Fourteenth Army in Moldova to General Lebed in return for his putting pressure on the Ukraine flank” (Fairbanks Jr., 1999, p.48).

<sup>5</sup> The two most well known are the sultanates of Bamoun in the West province and Rey Bouba in the North province.



The theory mainly applies where the state is not only the strongest force in society, but also where a ruling elite has developed into a dominant and ruling class in control of the powers of the state. The theory also emphasises the well-known remark that *all power tends to corrupt, and absolute power corrupts absolutely*. That is, the more political power is concentrated exclusively in the hands of a few individuals, the greater the temptation for power abuse, selfish wealth-seeking and primitive extraction.

The theory of extractive corruption is based on the mainstream political science notion of authoritarianism, namely a rule basically in the interest of the rulers that is ultimately based on force. Authoritarian rulers are using the power capabilities of the state in the struggle for power, to attain, retain and increase their powers, and to accumulate resources from the nation and from the ruled, for private benefit. This understanding of authoritarianism dates back to the classic writings of the Greek philosopher Aristotle, who made the distinction between “rule of law” and “rule of force”. The rule of law was democratic rule for the benefit of the entire population (all citizens, the public or the nation as such), whereas the rule of force was an authoritarian, perverted and corrupted form of rule for the advantage of the ruler (the tyrant or some oligarchy)<sup>6</sup>.

Authoritarian regimes have ever since usually been understood and portrayed in terms of some ruling elite or class that uses and misuses the powers of the state primarily to safeguard their own corporate or class interests, at the detriment of –and usually in conflict with– other groups and interests in society. In political terms, the means available for authoritarian rulers range from charisma and persuasion to the overt use of violence. They may use sophisticated institutional arrangements like for instance presidential systems, single party systems, and the cooptation of rivals in order to restrict participation and power sharing. They may use censorship and electoral fraud, establish unjust laws and disrespect the laws they have made themselves, and use human rights violations like political surveillance and intimidation, imprisonment and torture. In economic terms, corruption, and in particular political corruption, is only one of the many modes of economic accumulation and private appropriation applied by authoritarian rulers.

The theory of extractive corruption is furthermore derived from the relatively stable and rather flexible *neo-patrimonial* political systems found in most of Africa and in a few Latin American and Asian countries. Neo-patrimonialism is a widely used concept in political science for this sub-category of non-democratic and semi-democratic regimes characterised by pervasive patron-client structures, the non-distinction between public and private, and political weakness.

Neo-patrimonialism is defined as a political system where the chief executive maintains authority through personal patronage, rather than through ideology or law. As with the classical or “traditional” patrimonialism described by Max Weber, the right to rule is ascribed to a person rather than an office, and exercised more through the informal clientelist and nepotist practices than through formal routes of authority<sup>7</sup>. What makes the *neo-patrimonial* system different from the patrimonial ones, is that the neo-patrimonial regime maintains a façade of modernity, legality, rationality, and professional bureaucratic structures. However, underneath what appear to rational and

---

<sup>6</sup> Aristotle (384-322 BC): *The Polis*. Hammondsworth, 1991, Penguin.

<sup>7</sup> In a truly patrimonial system there is no distinction between public and private, and the modern idea of corruption will make no sense because the ruler’s personal income is the same as the government’s revenue, and there is no nepotism because there is no criterion for appointment to office other than the ruler’s favour.

legal processes and structures, the clientelist and patrimonial logics prevail. Relationships of loyalty and dependence pervade the formal and administrative structures, and leaders occupy bureaucratic and political positions less to perform public services than to acquire personal wealth and status (Bratton & van de Walle 1994:458).

In neo-patrimonial systems, there is no clear distinction between the public and the private domain. Public office and position is seen as a personal asset and a personal right, and it is treated as a private resource. Thus, the entire political system is characterised by a deep and thorough privatisation and usurpation of public resources. Politics is to a large extent about distributing resources in the form of jobs, contracts, scholarships, gifts and other public resources to one's relatives, friends and political allies.

Furthermore, politics is about acquiring wealth and prestige through the system of prebendal accumulation, which has also been called "parasitism" and "kleptocracy". That is, public authority is used by the rulers to extract resources from the ruled and from the nation's riches. Public office is used to enforce the collection of prebends and "gifts" of all sorts from the dependent clients. Corruption, embezzlement, theft and extortion are used to make private fortunes, and political power is used by power-holders to enter into profitable businesses (and to establish monopoly rights, tax exemptions and other advantages for these). Nationalisation, indigenisation, privatisation, the allocation of monopoly rights, land entitlements, subsidies, subsidised credits, import and export licences and tariffs, and a number of other public resources are likewise distributed according to the patrimonial logic.

*Clientelism* is a basic feature of the neo-patrimonial system. This is the sophisticated hierarchic network of patron-client relationships through which the patrons grant services, positions, and public support to his clients, in exchange for political and material support. These clientelist "networks of reciprocities" or "nets of interaction" are used by patrons at different levels to build support through the extraction and distribution of wealth and prestige, constructing a pyramid of social differentiation. Villagers for instance relate as clients to landowners, traders, saints, local administrators and others taking the roles of patronising middlemen. These low class clients then offer electoral support, social prestige, religious support, labour and material and fiscal benefits to their patron, in return for his protection, leadership and a sense of belonging. From the level of the middlemen, the clientelist system extends all the way up to the president of the republic.

In most Sub-Saharan African countries, long lasting patrimonial and clientelist practices have over the years established what has been called hegemonic elites, or ruling state-classes. These are composed of a rather small elite of politically and economically dominating families. Studies have shown that the countries like the Côte d'Ivoire and Cameroon is ruled and dominated by an elite composed of some 50 families or approximately 1000 individuals who are controlling most of the public as well as the private sector (Amundsen 1997).

In neo-patrimonial countries, political corruption is an integrated part of the clientelist system, it is what is labelled in French "*la fraude érigée en système*", institutionalised political corruption. Political corruption is here one of the economic backbones of the state elite, its domination and survival. The extractive capacity of a

corrupted state apparatus is one of the *raisons d'être* of holding power in neo-patrimonial countries, and what various groups are fighting over<sup>8</sup>.

Corruption in neo-patrimonial regimes is largely seen as "collective" because of the apparent *power of consumption* of the rulers. Wealth is displayed to symbolise power, sometimes in blatantly pretentious ways. In addition to the private use and display of the riches extracted, public policies are tailored to benefit the ruling elites. As demonstrated from a number of African countries, the public use of state funds in neo-patrimonial regimes is biased to benefit of the upper echelons of the urban, educated elite through for instance the systematic development of high-cost services, like university education and tertiary health facilities in the urban centres (capitals), at the detriment of low-cost rural services (Amundsen 1997:136).

Secondly, in neo-patrimonial states, corruption and patron-client relations overlap into a pyramid of upward extraction. Note that patrimonial relations are *not* balanced. The flow of resources benefits the patron more than it benefits the clients, because each patron has a large number of clients in his web, and the patron accumulates more than he redistributes.

Neo-patrimonial regimes are not efficient, legitimate nor development oriented regimes. For instance, the resources of the state are not redistributed to the needy or invested in production, it is extracted, amassed, and consumed by the rulers. Furthermore, in neo-patrimonial regimes, nominations and promotions in the public sector are made according to family and loyalty criteria, and not based on capability or meritocratic criteria. Commercial and corporate activities protected from market exposure and competition by political connections are promoted, but politically independent economic activity is squeezed by formal and informal "taxation". Thus, state-protected extractive and primitive capitalism is encouraged, while productive and industrial capitalism is discouraged.

Besides, according to a recent hypothesis in political science, the authoritarian, neo-patrimonial regimes with the easiest access to resources will be extremely hard to democratise. In other words, where the ruling elite has a relatively easy access to revenues, rents or spoils from oil or mineral resources, or from other strategic resources or foreign support (so-called "primitive extraction" or "rentier states"), the ruling elite will be relatively independent of the ordinary or traditional economic activity in the country, as well as its overall economic development. Furthermore, they will be quite immune to the sufferings and protests of the population, and be able to defend themselves against internal rivals, because they will be able to purchase the necessary security in the form of military hardware, personnel and services on the international market.

In other words, the neo-patrimonial state-class will, via their control of the state apparatus and the treasury, take control of the national resources. Several African civil wars, like the one in Sierra Leone, Congo/Brazzaville, Liberia, and Somalia, should primarily be understood as war-lords fighting over the single most valuable asset in Africa: the state apparatus and its exclusive right to tax (or "tap") the foreign companies which exploit the country's mineral riches.

## 2.5 *Some corruption-related concepts*

Around corruption itself lies an array of related offences, and there is a confusing array of other concepts and notions linked to and sometimes used interchangeably

---

<sup>8</sup> Most of the countries of Sub-Saharan Africa have entrenched neo-patrimonial regimes, and this is why Africa scores the highest in corruption in the few studies made in cross-country comparison of the levels of corruption (Médard 1997:414-416).

with corruption. However, with the distinctions made between political and bureaucratic corruption and between extractive and redistributive corruption, these various practices, and the related concepts, can be located within a broader scheme.

**"Bribery"** is the payment of a fixed sum, a certain percentage of a contract, or any other favour in money or kind paid to the state official in charge of making contracts on behalf of the state or otherwise distribute benefits to companies or individuals, businessmen and clients. To pay or receive a bribery is corruption *per se*, and should be understood as the essence of both extractive and redistributive corruption. The bribery is the payment (in money or kind) given to or taken by the state official in a corrupt relationship.

There are many equivalent terms to bribery, like *kickbacks*, *baksheesh*, *sweeteners*, *grease money* and *pay-offs*, which are all notions of corruption seen from below, as "redistributive" corruption. These are all payments needed or required to make things pass swifter, smoother or more favourably through a bureaucracy, or to avoid some burden. By "greasing palms" many corporations and business interests are for example able to buy political favours and escape the full burden of taxation and environmental regulations, others are able to buy protected markets and monopolies, import/export licences, etc.

Bribery, however, is also extraction. It is a kind of "informal" taxation when public officials charge extra under-the-table payments or "gifts" from clients. It is an extractive form of bribery when a party boss goes on a promotion tour, and fills the luggage compartment of his car with "donations" and "gifts" from the "devoted followers" in his constituency.

**"Embezzlement"** is theft of public resources by public officials, and as such it is understood as another form of misappropriation of public funds. The state official steals from the public institution in which he is employed and from resources he is supposed to administer on behalf of the state and the public. However, disloyal employees in private forms can also embezzle their employers and firms, and several kinds of resources may be embezzled.

Embezzlement is *not* considered as corruption from a strict legal point of view. In legal terms, corruption is a transaction between two individuals, one state agent and one "civilian" agent, where the state agent goes beyond the limits of the law and regulations in order to secure himself a personal benefit in the form of a bribe. Embezzlement is therefore regarded as theft, because it does not involve the "civilian" side directly. The general public is bestolen only indirectly when public funds are embezzled, and individual citizens have no legal right to present themselves as forfeited.

This points to one of the dangers of embezzlement. There will have to be a political will as well as an independent judiciary and a legal capacity in order to clamp down on embezzlement. In authoritarian and semi-democratic countries, a system of embezzlement can develop in a closed institutional and moral universe, independently of the public moral and with few possibilities of public sanctions.

Without a directly involved "civil" party in this, embezzlement is also irrelevant to any understanding of corruption as "redistributive" (any Robin Hood can be excluded). Within the theory of extractive corruption, however, embezzlement is seen as one of the most important modes of economic accumulation. Embezzlement is a fundamental part of the resource extractive capacity of the ruling elite, and may even be more important than extraction through bribes.

In the early 1990s, the late president of the Côte d'Ivoire, Félix Houphouët-Boigny, constructed a basilica in his dusty little home-town of Yamoussoukro, to the

cost of US\$ 145 million (officially; unofficially about twice as much). This *Basilique Notre Dame de la Paix* is indicative for the amounts of funds possible to amass through embezzlement in a poor country. The costs for this gilded replica of St. Peter's cathedral in Rome were covered by the president "privately". However, investigations have concluded that this much money can only have been raised through the systematic and institutionalised embezzlement of the "*Caisse de stabilisation*", the state marketing board for the Ivorian coffee- and cocoa export. This marketing board enjoyed a monopoly situation for many years and siphoned off between 20 and 80% of the revenues (Toulabor 1990)<sup>9</sup>.

It is a sort of embezzlement also when power-holders use their political office systematically to enter into, secure and expand their private business interests. In some cases the political elite has for instance nationalised foreign businesses and property rights, and redistributed this to the members of the ruling families. In the name of "privatisation", a large number of former state enterprises and parastatals have been handed over to friends and family of ministers and presidents, for symbolic sums of money. In Zimbabwe (ex-Rhodesia), ruling party bosses now mostly own the formerly white farms. In the Côte d'Ivoire, the largest coffee- and cocoa plantations are owned by the president's family. In Cameroon and other African countries the biggest breweries, sugar refineries, and other companies are owned by the president and his family and enjoying monopoly rights.

"*Fraud*" is a crime that involves some kind of trickery, swindle or deceit, and it is a broader legal and popular term that covers both bribery and embezzlement. It is fraud when for instance state agencies and state representatives are engaged in the black and grey (informal) markets, and when networks of forgery, trade in illegal goods and smuggling are propped up by "official" sanction and involvement. While serious fraud is generally treated as cases of individual enrichment, fraud can also be "collective". Fraud is the swindle and deceit used by the ruling group to make more benefits for the rulers, and as such the concept includes what has been labelled extractive corruption.

Fraud was called "dirty tricks politics" by Bayart in the book *The Criminalisation of the State in Africa* (Bayart et al. 1997:11). Here, the fraudulent, illegal and immoral ways of money extraction employed by African rulers and their backers are described in quite some detail. Dirty tricks politics include cases of governments "importing" toxic and atomic waste from Western countries (like the Central African Republic and Sierra Leone), cases of presidents who have printed large amounts of national bank notes to pay civil servants and military men (who have then forced these upon local traders, at gunpoint in the case of Zaïre), and state or parastatal institutions that have persuaded private firms to give them loans, assistance and services that will never be paid back (Cameroon, the Central African Republic and several others). Many private banks have consequently gone bankrupt or withdrawn from the African market, like *BCCI* and *Banque Méridien*.

---

<sup>9</sup> In addition to this, Houphouët's hometown Yamoussoukro (officially proclaimed the capital of the country in 1990) was also equipped with a presidential palace, a five star 25 storey luxury hotel, the ruling party headquarters, a congress centre, an airfield that can take wide-bodied jets as well as the supersonic Concorde (convenient when the Ivorian government hired one from Air France to meet with the president at several occasions when "the old man" was hospitalised in Paris...), and floodlighted highways circling the city and leading out in four directions (for at least 500 metres, until the old dust roads take over). Today, the new President Henri Konan Bedié has constructed a new presidential palace, a military compound, villas for his relatives, and a luxury hotel in *his* hometown Daoukro, paved the roads, and planned the construction of an airstrip, ... (Amundsen 1997).

According to this book, members of the ruling elites in Nigeria and Kenya have been involved in the international drug trade, as ministers and top bureaucrats have been active in it or have taken a share for closing their eyes on it. Money laundering and money flight is from these and other countries passing through state banks and parastatals. Public agencies have been issuing falsified certificates of country of origin and of brand names, enabling faked goods from Taiwan and Hong Kong to reach the European and American markets. What is widespread and even increasing, according to Bayart, is the role of the African state as an active mediator, facilitator and partner in fraudulent and criminal business activities, in organised crime nationally and internationally (Bayart et.al. 1997).

“*Extortion*” is money (or other resources) extracted by the use of coercion, violence or the threats to use force. “Protection” or “security” money is resources extorted in the classical, infamous mafia style. By creating an atmosphere of insecurity where individual citizens, private businesses and public officials are harassed and intimidated (by the mafia itself), the mafia blackmails and extorts some money in return for their kind of peace. Only those who pay this protection money may be exempted from further harassment. Like bribery, blackmailing and extortion is basically a corrupt transaction, but the money is more violently extracted and the returns are meagre. The exchange of benefits is highly unequal because in return for millions in protection money, the blackmailed may get no more than a negative freedom, a lax promise of impunity.

Corruption in the form of extortion is usually understood as a form of “redistributive” extraction, “from below”. It is for instance when real mafias, like in Russia and Italy, are able to impose their influence upon individual state officials and entire state agencies through threats and intimidation and ultimately by assassinations. What they obtain in return may be preferential business opportunities and privileges, and freedom from taxation, regulations, and legal prosecution.

However, corrupt practices of this kind can also be “from above”, when the state itself is the biggest mafia of them all. This is known for instance where the state, and in particular its security services and paramilitary groups, extorts money from individuals and groups to protect them from further harassment. One extreme situation of this was Mobutu’s Zaire, as described by Mel McNulty: “*The state’s only apparent function was the systematic exploitation of its people and resources, while it offered nothing in return, not even security; instead, the state itself and its agents were the principal sources of insecurity*” (McNulty 1999:61).

With more or less concealed threats, the rulers from private sector businesses also extract resources. When exaggeratedly strict taxation, overtly delayed licenses, repeated and brutal police inspections or other harassment are to be expected, private sector businesses rarely take the chance of refusing state or ruling party officials what they demand. Presidential re-election campaigns are for instance recurrently “irrigated” by private companies. When the ruling party of Côte d’Ivoire held its national convention in 1997, party bosses also used the major hotel in the capital city Abidjan without paying a cent, catering services were given free of charge, and the city’s recently privatised bus company placed all the city’s buses to the service of the party convention. This was “upon request” and against massive protests from the public.

Also the extortion made by military and police units in their many roadblocks can be understood as extractive corruption. Over most of Africa, from Tunisia in the north to South Africa, these roadblocks are widespread. Whenever you leave or enter a town, there is a checkpoint where men in uniform expect a little fee for making the

passage smooth. In some cases, these checkpoints are used to restrict the movement of dissenters, but usually it is tolerated by governments as a source of income for underpaid divisions, a sort of taxation of local travellers.

“*Favouritism*” is a mechanism of power abuse implying “privatisation” and a highly biased distribution of state resources, no matter how these resources have been accumulated in the first place. Favouritism or cronyism is to grant offices or benefits to friends and relatives, regardless of merit. Favouritism is related to corruption insofar as it means power abuse in the form of a corrupted (undemocratic, “privatised”) *distribution* of resources, whereas corruption strictly defined is about the *accumulation* of resources. However, favouritism in the distribution of resources is intimately related to corruption, in particular the collective and extractive corruption of neopatrimonial regimes as discussed above.

Favouritism is quite simply the normal human proclivity to favour friends, family and anybody close and trusted. In the political sphere, favouritism is the penchant of state officials and politicians, who have access to state resources and the power to decide upon the distribution of these, to give preferential treatment to certain people when distributing resources. Clientelist favouritism is a basic characteristic of the neo-patrimonial societies, but in most societies it is a rather everyday proclivity to favour one’s kinship members (family, clan, tribe, ethnic, religious or regional group).

In most non-democratic systems, the president has for instance the constitutional right to appoint all high-ranking positions. This easily adds up to several hundred positions within the ministries, the military and security apparatus, in parastatal and public companies and agencies, in the diplomatic corps and in the ruling party. This legal or customary right, of course, extends the possibilities for (and intensifies) all kinds of favouritism,

*Nepotism* is a special form of favouritism, in which an office holder (ruler) with the right to make appointments, prefers to nominate to prominent positions his proper kinfolk and family members (wife, brothers and sisters, children, nephews, cousins, in-laws etc.). Many unrestricted presidents have tried to secure their (precarious) power position by nominating family members to key political, economic and military/security positions in the state apparatus<sup>10</sup>. When “successful”, deeply nepotist systems are getting closer to a “mafia” because of the shared family “values” and loyalties.

Other kinds of favouritism is for instance when certain people are commissioned to buy privatised public property (cheaply), or given preferences, state guaranteed or subventioned loans, or selected as entrepreneurs for public works, nominated to represent corporate interests in various public councils and committees, and given other privileges through various economic policies. Through such mechanisms, many politicians and bureaucrats have been able to move from public position into private business, to transfer public power into private wealth<sup>11</sup>. The kind(s) of favouritism that will be preferred in each instance is dependent on the political and strategic needs of the day, and on cultural and social patterns.

---

<sup>10</sup> In Suharto’s Indonesia, the favouritism shown to members of the president’s own family was flagrant. Four of his six children sat on the People’s Consultative Assembly, Indonesia’s highest legislative body, and all of them had grown wealthy through extensive business interests.

<sup>11</sup> These are the so-called “political entrepreneurs” or “big men”. In contrast to the typically American way of straddling (compiling or doubling resources), the so-called *Ross Perot* method of buying political influence from a business platform, the typically neo-patrimonial *big man* way of straddling is when the a political entrepreneur moves from political and administrative positions into the private sector.

Favouritism is not only a legal and procedural problem, but also a problem of flawed qualifications, lacking skills and inefficiency. Furthermore, where public position is strongly correlated to possibilities of corrupt and extractive practices, favouritism can secure substantial prerogatives and profits for certain families, clans or some social sub-groups.

### 3. What Causes Corruption?

Many plausible theories on corruption have been derived from moral and cultural characteristics of individual societies<sup>12</sup>. It has for instance been argued that the salience of corruption is the carry-over into present-day political behaviour of cultural values inherited from a patrimonial past, like negotiations, gift-giving and unconditional solidarity with extended families, clans and other communal groups (de Sardan 1999:25). This may explain the contrast between Africa and Europe, and the differences between the catholic Western European countries with a "Latin" culture and the Nordic, protestant countries.

Besides, in some countries, private-regarding behaviour, and in particular state agents who act for the benefit of his family and friends, is not banned by law and is furthermore considered a moral duty. From the culturally relativist viewpoint it has even been argued that corruption is not a crime whenever it is a part of the local culture. The one and same act may therefore be judicially condemned and culturally accepted. Furthermore, the illegality of corruption varies across countries according to the national legislation and national custom.

However, from the above discussion on definitions and theories of corruption in general and political corruption in particular, the economic and political causes of corruption stand out as the most comprehensive. A general phenomenon like corruption calls for general explanations. Besides, structural and institutional (economic and political) explanations are essential in order to avoid the particularity of cultural explanations, and are also preferable to the sometimes self-justifying excuses embedded in these.

#### 3.1 Economic Explanations

Various statistical presentations demonstrate that the level of corruption varies negatively with the level of economic prosperity. In other words, as a country grows richer, the level of corruption decreases. This is a strong and unambiguous relationship, as illustrated in table 1 below.

In this table, corruption has been computed from the latest *Corruption perceptions Index* (CPI) of Transparency International, and income from the *GNP per capita of 1995* basic indicators of the last *World Development Report* by the World Bank. The table clearly shows that there is a strong relation between the level of income (low, lower-middle, upper-middle and high) and corruption. The higher income a country, the lower is the level of corruption<sup>13</sup>.

---

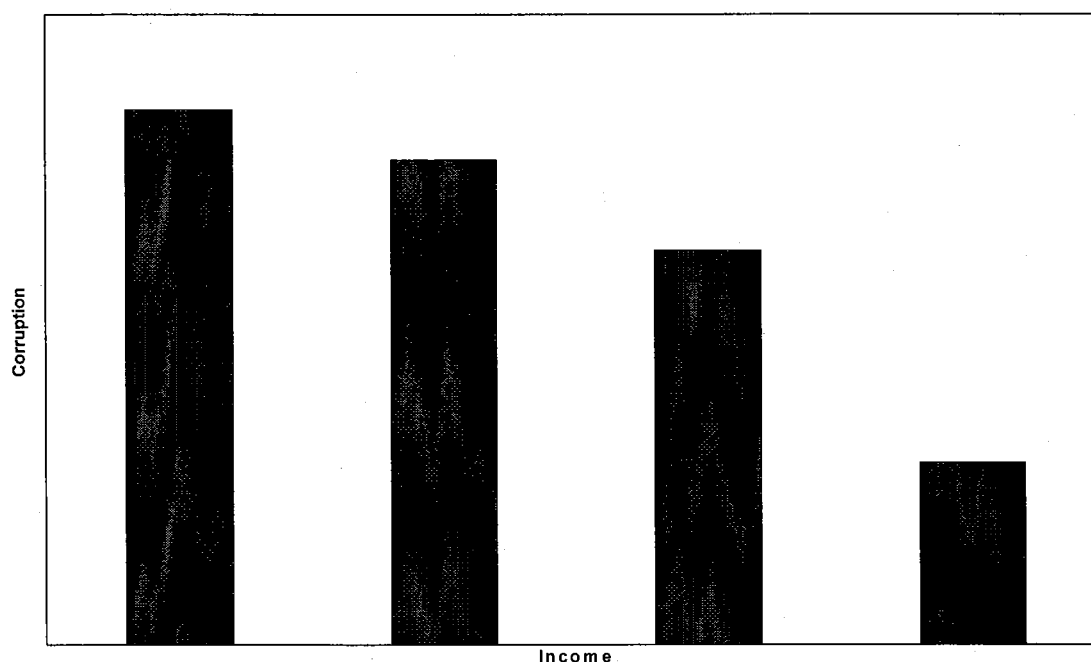
<sup>12</sup> In some of the literature, the moral and cultural attributes of corruption have been called *parochial* (when of an indigenous or local nature) and *redistributive* (when it leads to a redistribution and exchange of benefits within a given community).

<sup>13</sup> For technical details and the total distribution, see appendix.



**Table 1**

**Income and corruption**



This table cannot, however, establish the causality between the two variables. Whether the income increases because the level of corruption goes down, or whether corruption goes down because the income increases, remains unclear. In the literature, there are indications of both. On the one hand, increased income may quite simply open up for more corruption because of more opportunities and temptations. At the same time, increased income is also believed to reduce the level of corruption because economic development usually goes hand in hand with political development, democratisation and accountability. On the other hand, increased levels of corruption is believed to be inhibitive to economic growth, in particular certain kinds of corruption and at certain stages of growth. At the same time, increased levels of corruption has been seen as a positive to economic development because it creates competition and market structures for private sector actors and because it opens up and speeds up inflexible and dishonest bureaucracies.

When discussing which economic variables impacts on corruption, how and how much, the debate has been quite lively. Corruption is in large parts of the literature understood as one of the evils caused by economic underdevelopment. In particular in the so-called dependency theories, that see Third World underdevelopment as caused by capitalist exploitation, corruption is considered to be only one of the socio-political consequences of this exploitation, along with political authoritarianism and economic underdevelopment. Also liberal economic theory will usually explain the prevalence of corruption in terms of economic underdevelopment, and understand economic decline and economic crises as common explanations to increases in corruption.

The general agreement on the negative relationship between economic growth and corruption is nevertheless strongly supported by various data evidence, the above table included. What remains is debate on how economic growth actually reduces

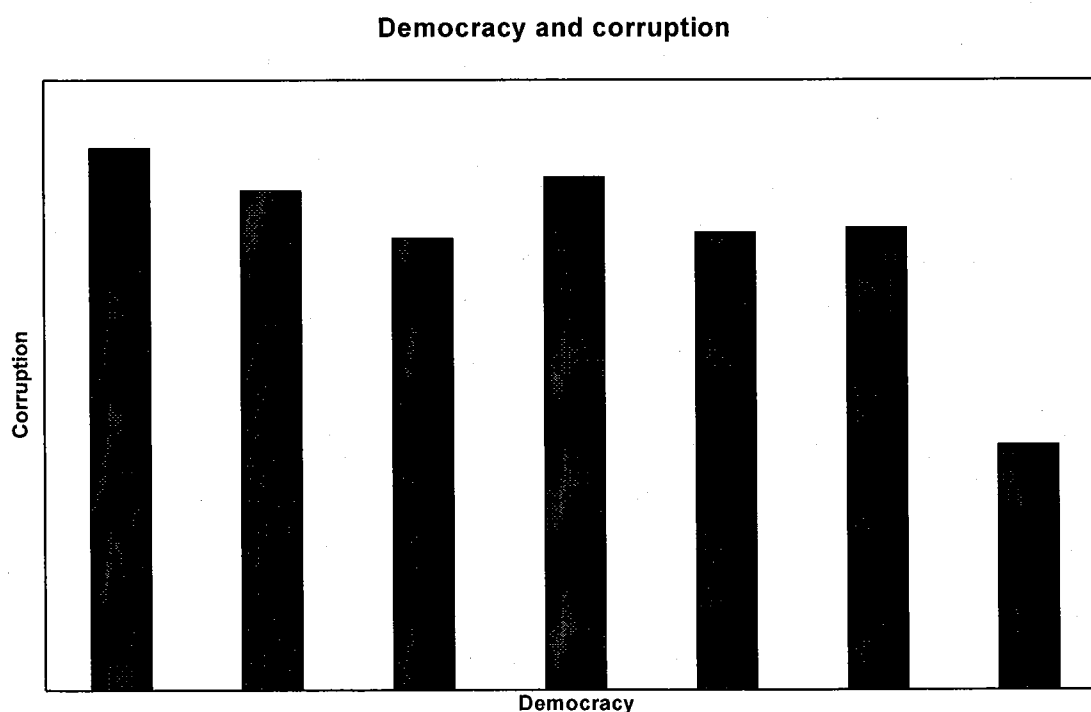
corruption, and what intermediary variables will have to be brought in to fully explain this relationship.

A large set of related issues are also discussed in economic theory on corruption, and economists are in particular searching for the explanation to why the level of corruption varies substantially between institutions, departments and services within the same state. The variables listed are, among other things, the salary levels, the mechanisms of control and deterrence, the selection of employees, and the systems of taxation and information.

### 3.2 *Political Explanations*

The level of corruption and the form it takes is also varying rather systematically with the political setting. Corruption levels and forms vary with the regime type within which it occurs. One widely held general assumption is that the level of corruption corresponds negatively with democratisation, i.e. that the level of corruption is decreasing with increasing levels of democracy. There has been formulated a “law” or general regularity that says that the degree of corruption varies inversely to the degree that power is consensual (Friedrich 1993:16). That is, the more the power is legitimate, the less corruption. This relationship is illustrated in table 2 below, where the level of corruption has been intersected with the level of democracy.

**Table 2**



As seen from this table, there is a correlation between democracy, measured according to the Freedom House's *Country Index* for 1998 which includes a number of indicators on democracy, and corruption, measured according to Transparency International's *Corruption Perceptions Index* for 1998<sup>14</sup>. That is, the level of corruption is highest in the least democratic countries, and definitely lowest in the

<sup>14</sup> For technical comments and the total distribution, see appendix.

consolidated democracies. This table thus supports the various theories that claim a negative relationship between democratisation and corruption.

According to this table, however, as one moves from the extreme levels of authoritarianism towards increased "freedom", not much is gained in reduced levels of corruption until one reaches the most elaborated democratic systems. Even when great caution in the interpretation is needed due to the many weaknesses of the statistical material here (mainly its estimating character), the lack of steadfast decrease in the corruption level with increasing levels of democracy could be explained by an additional and very plausible hypothesis: in addition to the formal institutionalisation of democracy, corruption varies with the strength and legitimacy of the state.

The most extreme levels of corruption has been observed in a number of countries that are experiencing the double processes of political and economic liberalisation, which implies uncertainty, ineffective political institutions and increased opportunities at the same time. That is, high levels of corruption have been found in countries in rapid economic and political transformation, like in the former Soviet Union and certain countries in Latin America.

Dictators normally exercise strict control over corruption, the more powerful the dictator the better he will be able to determine who will gain how much from the resources of the state (and from corruption in itself). The level and scope of corruption can be autocratically restricted and directed. This is why the level of corruption may be relatively low in some strong, authoritarian states. Such states are usually also relatively legitimate in the eyes of its citizens, because they are capable of administering law and order as well as social transformations and economic growth<sup>15</sup>.

In countries with rather weak authoritarian regimes, however, and in countries in transition, the autocratic order has broken down, but the new political and administrative state institutions have not yet gained full political legitimacy and operational capacity. Democratisation and liberalisation, which implies a broader distribution of powers as well as opportunities, may have the effect of "decentralising" corruption to local political bosses, to new "political entrepreneurs" and to upcoming brokers and businessmen. Democratisation also provide new incentives for corruption, in particular in the mounting of electoral campaigns, in the struggle for senior political and civil service offices, in the lucrative possibilities of formerly state-owned property and businesses up for privatisation, and in securing oneself in a situation of both political and economic uncertainty. The sudden spread of civil, political and economic freedoms has in many places opened up to an era of licence without responsibility, where freedom from oppression has been confused with freedom from any authority and any responsibility.

Democratisation has thus made things worse in a number of countries, like for instance in Russia, the Philippines and Mali. When the dictatorship of Moussa Traoré fell in Mali in 1991, the first reaction of many Malians was that they now wanted to enjoy their freedom, and some included looting and banditry as well as the non-payment of taxes and customs into their new liberty. After the fall of the dictatorship, corruption has expanded in a decentralised, uncontrolled way.

---

<sup>15</sup> Note that very few totalitarian regimes exist in the world today. All the countries in the "least free" categories of the Freedom House Index are all weak regimes, mainly neo-patrimonial African regimes that lack all or most of the democratic attributes. Only Singapore can be said to be authoritarian *and* strong, and Singapore also figures as one of the least corrupt in the TI corruption perception index.

Political democratisation nevertheless implies several sets of institutions, procedures, and values that may significantly reduce the level of corruption, when consolidated. The most important anti-corruption measures are institutional checks and balances, the rule of law, free access to information and the right to criticise, and openness in the decision-making processes. Thus, with democratic consolidation, countries in transition may increase the sophistication of these institutions and procedures, and overcome the disease of rampant corruption. The battle against corrupt practices is thus a part of the broader democratic struggle for a clean and accountable government as well as for responsible citizens.

#### **4. What are the Consequences of Corruption?**

Corruption might cause a lot of harm to society, like for instance when it leads to illegal logging of tropical rain forests and the non-observation of building codes designed to ensure public safety. Corruption may also lead to insecure citizens, speculative politicians, and administrators vacillating between huge opportunities, grave risks and much double-pressure. Leaving these aside, a closer look at the economic and political consequences of corruption is pertinent.

##### **4.1 Economic Consequences**

There is an ambiguous relationship between corruption and economic development. The two are interrelated, as seen in table 2, and probably also mutually explicatory. Some researchers (and many practitioners) have argued that corruption may be a good thing because it can smooth rigid bureaucratic systems and help get things done. There is indeed some truth in this, as excessive red tape and immoderate resource extraction can make businesses unprofitable and entrepreneurship impossible. Corruption may ease the squeaky wheel of state bureaucracy, unlock doors, and enable private entrepreneurship and promote businesses.

In economic terms, corruption is not always bad. This is seen for instance in the level of economic growth and the level of direct foreign investment, in highly corrupt nations. In some countries the growth rate does not seem to suffer, as it has been kept on a high level for years despite the existence of systemic corruption. This is mainly the case of some Southeast Asian countries. In other countries, mainly in Africa, high levels of corruption have been inhibitive to growth. Also in terms of foreign direct investment (FDI), some countries have been able to attract huge investments even when they are corrupt, but in other instances corruption is indeed inhibitive to foreign investments.

The general notion, substantiated by much empirical data, is that corruption is detrimental to economic development because it is detrimental to foreign investments and foreign aid, local private investments, taxation, entrepreneurship, planning, etc. The economic effects of corruption is nevertheless dependent on the type of corruption in each country, on the way corruption is organised or disorganised. Centralised, co-ordinated and disciplined corruption exists in some countries at the same time as decentralised, disordered and irregular corruption exists in others. In general terms, the difference is between *controlled* and *uncontrolled* corruption, and thus between calculable and unforeseeable corruption.

In general, if businesses are able to forecast and estimate the level of corruption, to include it into their calculations as a measurable expense, and if they know that a paid bribery will have a positive effect, corruption may not be an impediment to investments and trade. If, on the other hand, corruption is disorganised

and plentiful, unpredictable and inconsistent, so that a paid bribe is no guarantee that services are rendered and no more bribes expected later, corruption is economically damaging.

Besides, the way the resources extracted through corruption is used will have repercussions both on the economy and the political system. If the use of resources is centralised and "controlled" it might be beneficial to local businesses, for instance if it is re-invested in the local economy. In the case of South Korea, where huge sums had been extracted by the president and the ruling party in numerous grand-scale economic transactions, the prosecutors could not find evidence of its private use<sup>16</sup>. Everything had been re-invested on the South Korean stock market.

In the majority of the corrupt African regimes, however, rulers and businesses have little faith in their own national economies, and tend to export their legally and illegally acquired assets as soon as possible<sup>17</sup>. In many of these countries, resources extracted through corruption are allocated to unproductive areas. First of all, there will be a bias against soft public investments, like in health and school services. Public investments will be "hard" investments in areas like infrastructure, equipment and construction, probably because there is less to gain from this use of public funds, while are more easily corrupted. Secondly, resources tend to be either moved out of the country, in terms of money flight to foreign bank accounts and investments in foreign businesses, or it is spent on private consumption, of which much will be on import of luxuries. Thirdly, endemic corruption will generally misallocate talent to rent-seeking activities, increase insider trading, and push firms underground into black (not state-controlled) markets.

In countries with widespread corruption, corruption will furthermore increase the operating costs of government, revenues will leak out and the resources available for public services will wane. Governmental decision-making will be distorted, and governments will fail to deliver the much-needed public services. Another dilemma is that in non-democratic or semi-democratic (neo-patrimonial) systems, where political power is mainly used to pursue the interest of a ruling elite, an increase in the state's efficiency might well in itself be detrimental to national development. It might imply a more efficient resource extraction for the benefit of a ruling elite.

#### **4.2 Political Consequences**

Corruption affects the way countries are ruled. However, like with the economic consequences, the political consequences of corruption is largely dependent on the type of corruption that takes place, and the consequences differs much according to the ways in which the extracted resources are used. In weak states, in states where the ruling elite exercises little control over who will gain how much from what kind of corruption, the legitimacy of the state as such will wane with the lack of service. Uncontrolled and unrestricted corruption will have the general effect of undermining state institutions and political legitimacy.

Strong states on the other hand, states with exclusive and undeniable control of the economic policies, of the formal as well as the informal ways of accumulation, redistribution, and consumption. Here, any extractive corruption will be an integrated part of the overall control over the state apparatus and its operations, including the authoritative allocation of resources. Strong leaders will exercise a strong control over the various forms of corruption, and will be able to decide who will gain how much

---

<sup>16</sup> The case of indictment of the former presidents Roh Tal Woo and Chun Doo-Whan.

<sup>17</sup> The Ivorian president Félix Houphouët-Boigny once stated that "...what serious man would not place some of his wealth in Switzerland?" (cited in Toulabor 1991:199).

from what kind of corruption. The level of corruption can therefore be stable, predictable and acceptable to businesses and the general public. In strong states, the institutions of the state will not necessarily suffer from corruption.

Besides, the legitimacy and efficiency of the state, and consequently the general attitude towards corruption, is dependent on the overall esteem of the rule system in the eyes of the population. The political system (the political authority and the state agents) are sanctioned and obeyed by most citizens when people generally perceive of the political authority as benevolent. Legitimacy depends on the services rendered and the ability to satisfy popular demands, more than the way the state is operated. Besides, the charisma of political leaders is also important when it comes to legitimacy. Efficient states can therefore maintain a relatively high and stable level of corruption, or manage to keep the level of corruption at a low level at will. The strength of the state and the political will is what explains the low level of corruption in authoritarian countries like Singapore, Hong Kong and Taiwan.

The level of corruption and its political impact in Europe is hardly comparable to the devastating effects seen in most African and some Asian countries. In democratic countries, or more precisely in countries ruled by law and where human rights and the division of power between institutions and groups are respected and effective, the acts of political corruption may be disclosed by a free press and other media, by the opposition, by auditing and controlling bodies or by the police, and the offenders may lose office through legal procedures or in the next elections. Corruption scandals may actually sharpen the instruments of control. Therefore, democratic institutions are not necessarily threatened by isolated incidents of political corruption. They may even be strengthened if the cases of political corruption are properly dealt with. Systematic and endemic political corruption may nevertheless endanger any democratic system.

## **5. Curtailing Corruption**

The two tables above indicate that the level of corruption tends to decrease with increasing levels of economic prosperity and democratic rule. Arguing for the interdependence or mutual causality between corruption and economic growth, and indeed between corruption and democratisation, and taking the pragmatic stand that in some cases democratisation is necessary to make economic growth and that economic growth is largely supportive of democratic governments, the fight against corruption is placed within a broader agenda. The tables not only suggest that it is possible to successfully curtail corruption, but also that the fight against corruption in most developing countries will have to be a part of the broader struggle for economic growth and democratisation.

Democratisation will nevertheless have to be supported by a strengthening of the democratic institutions in order to work against corruption. This implies efficient mechanisms of control, detection and punishment (what has been called *watchdog bodies*). Except for the few instances in which efficient control is based on authoritarian (totalitarian) rule, the different watchdog bodies will have to be independent institutions that can survey, report, arbitrate, judge, and enforce. Besides, democratisation will in addition to the establishment and independence of these institutions and practices, also imply a prior democratic institutionalisation of a larger set of relatively balanced social forces, of politically countervailing powers.

One of the most simplistic and implacable measures proposed and sometimes undertaken to curb corruption, was to do away with the corrupted politicians and

bureaucrats altogether, through the “downsizing of the state” and “privatisation”. This was the policy recommended by the World Bank, the IMF and other Western lenders and donors in the late 1980s and early 1990s, in particular for the over-sized and inefficient neo-patrimonial African regimes. However, as this is not only interfering in internal relations, it possibly “throws the baby out with the bath”. Economic liberalisation, privatisations and more power to the market has not given the prescribed effects, and even the World Bank now propagates a lean but strong, efficient and democratic developmentalist state.

Even when the struggle against corruption is largely to detect and support reform-minded decision-makers and groups that will have an interest in curtailing corruption, it is increasingly agreed that the battle will have to start from the top levels of the state. In the words of Amadou Toumani Touré (the general who toppled the very corrupt president Moussa Traoré of Mali in 1991, and transferred power to an elected civilian government in 1992): “*When making a house-cleaning, one will have to start from the upper stories and shove the trash towards the ground floor. Likewise, the fight against corruption will have to start at the highest levels of the state*”<sup>18</sup>.

Corruption can be challenged mainly from four sources: from the outside (from the external world), from above (from the rulers themselves), from the inside (from administrative and bureaucratic institutions), and from below (from the civil society, the business community and each citizen alone). The persistent dilemma is, however, that each of these sources of anti-corruption pressure are also sources of corruption. Opportunities, possibilities, openings, pressure, demands, attitudes, and temptations for corruption flow out from all of these sources. To expect that each and one of these alone can be reformed and engaged to fight successfully against corruption is senseless. Only in a concerted and collaborative manner can some of these sources add up to a decisive inception against corruption.

### **5.1 External or international control (“control from the outside”)**

“Political conditionalities” is a part of the contemporary vocabulary and as such a part of the new paradigm that has come to replace the “non-intervention in internal affairs” principle of the Cold War. The European Community, for instance, reversed its earlier indifference and linked its aid to respect for human rights, democratisation, a free press and honest government in a resolution adopted in 1991. The IMF, the World Bank and the donor community have initiated substantial pressure on Third World governments to fight corruption<sup>19</sup>. Norway and Sweden froze aid to Tanzania in 1994 because of widespread corruption in the Tanzanian tax administration. In 1996, Norway threatened to suspend aid to Namibia because of “economic mismanagement” (in particular the purchase of a presidential jet).

Political conditionalities include both the rather technical concept of “good governance”, which means honesty, efficiency and accountability of the bureaucratic departments, and more directly political issues like multiparty elections, “civil society enforcement”, and human rights. Taken together, political conditionalities constitutes

---

<sup>18</sup> Cited from an interview in *Jeune Afrique* no. 1996, 13-19 April 1998, p.35, in my translation from French.

<sup>19</sup> After an IMF report and an European Union audit report on the Côte d’Ivoire revealed widespread “mafieuse” and “clientelist” embezzlement (mainly in the form of heavily overpriced public purchases of equipment meant to alleviate the social costs of “structural adjustment”), the IMF and the European Union has now suspended all their further financial support to the Ivorian structural adjustment programmes until “appropriate corrective measures” have been undertaken (*Jeune Afrique* no.2007 June/July 1999:11).

an ambitious project of external influence, where some elements have been incorporated into the structural adjustment programmes of the World Bank and negotiated together with the economic conditionalities. "Good governance" also includes the aspect of anti-corruption, but usually as an integrated part of the more technical and bureaucratic reform packages.

In terms of legal techniques to combat corruption, the American *Foreign Corruption Practices Act* from the late 1970s is the first and still most significant national law against the use of bribery –in foreign countries– to gain contracts and preferential treatment. However, as long as other nations do not have the same legislation, there is the problem of competition. Corporations that accept and are allowed to use bribery will have an obvious advantage. In France, for instance, the bribery expenses to corrupt foreign politicians and bureaucrats are even a legitimate basis for tax deductions (Heidenheimer 1996:345).

Attempts are under way in international legislation (like in the UN, the OECD, the WTO and the joint Council of Europe/European Union efforts), but these are so far in the field of stating principles, recommendations and making investigations<sup>20</sup>. Enforcement is far away in the absence of any broad international agreement and international forums of justice, and in the presence of an ever-increasing internationalisation of transactions. Only a few countries have moved slowly in the direction of the OECD recommendations of revising existing tax rules and imposing stricter national legislation on international corruption (Heidenheimer 1996:345).

Another dilemma is also apparent. External interests are neither consorted nor necessarily interested in reduced levels of corruption. The globalisation of markets and all kinds of transactions have expanded the opportunity of collusive and concealed transactions between the "host" or home government and various players in the global game. The bribery by foreign firms is often held up by observers in Third World countries to be the most significant contributing factor to corruption in their countries.

Some national and transnational companies are getting easy access to resources, markets, and labour through corruption. Some international aid and donor agencies have their particular concerns, agendas and timetables, and are willing to pay for their (swift) implementation. Some international banks and finance institutions profit from the laundering and recirculation of money from the drug trade and organised crime, and from corruption, embezzlement and fraud. Other brokers between the foreign interests and local governments are able to orchestrate deals in ways that hide their own profits as well as the illegality or immorality of the deal itself.

Furthermore, some foreign powers have their particular policy interests, like France with her support to dictatorial African friends because of considerations of profitability and cultural *grandeur* even despite claims that democratic and humanitarian concerns are most important. This is even bouncing back because Western governments, political figures, political parties and lobbyists are given gifts, donations and contributions in return for the support and benefits rendered to foreign governments. Third World governments are also tying business contracts to military deliveries and political protection. International corruption is therefore a two-way

---

<sup>20</sup> The UN *Global Programme against Corruption* and the World Bank *Anti-Corruption Action Plan* both make research into corruption and provide recommendations and technical assistance to developing and transition economies. The OECD adopted a *Recommendation on Bribery and International Business Transactions* in May 1994, that asked all its member governments to take concrete and meaningful steps to criminalise corruption abroad.



process, that “*is practised within a complex network in which the corrupt transaction is multidirectional and systematic*” (Mény 1996:317).

## 5.2 Executive control (“control from above”)

Controlling corruption from above can be done through a number of rather efficient mechanisms. Speeches, various campaigns, and other sensitising and morality enhancing mechanism may be useful, in addition to executive reporting systems, institutional reforms, and a restriction in the size and administrative discretion of various ministries, departments and offices. This is all about strict controls of the administration from above. Most important is nevertheless the executive right of nominations and consequently dismissals. To replace or fire corrupt officials, or the threat of doing so, is very efficient when made credible through action<sup>21</sup>.

However, if corruption is to be curtailed from above, from the governors or the political leadership, one factor will have to be present: *the political will*. Rulers might be corrupt and abusive, and will rarely instigate corruption-curtailling mechanisms by themselves when this runs counter to their private interests. The dilemma of political corruption and power-abuse is that accountability will have to be instituted by sufficiently strong countervailing powers.

That is, a few heads of state have efficient control over corruption, like did the former head of state of Malawi, Dr Hastings Banda with his autocratic and rigid morality. Also military regimes characteristically come into power with a strong rhetorical appeal to honesty and efficiency. However, as militaries (eventually) form part of the same state apparatus as civilian bureaucrats and politicians (they govern through it and benefit from the structural inequalities implicit in it), deep-seated structural conditions like extractive corruption will typically be reproduced. The historical list of honest leaders who have been able to reform a system of institutionalised political and bureaucratic corruption from above, through moral authority and sheer political will, is disappointingly short. As an additional factor, however, political leaders with integrity are essential<sup>22</sup>.

More often, “the war against corruption” is half-hearted or even directly counter-acted by ruling elites who’s existence depend upon corruption as a mechanism of resource extraction and upon corrupt officials as the basis for political support. In a neo-patrimonial system, the rulers make their followers subservient through a personal relationship of dependence. The power to let a follower get rich through corruption combined with the power to remove the same individual because of corruption, is an efficient way of securing personal loyalty and subservience. The many corruption campaigns are therefore rarely meant to change the structural setting of extractive corruption. It is used a disciplinary mechanism and as tool in the struggle against rivals, as a pretext to dispense with embarrassing individuals or cliques.

---

<sup>21</sup> In the days of the African one-party state, like in the former Soviet Union, all top civil service positions were politicised. Still, in most African countries, the top civil servants are presidential nominees down to the level of assistant secretary (*directeur de bureau*) and district commissioner (*préfet*). With very few governmental turnovers, the disposition of African top civil servants is still loyally to serve the (long time) ruling party and/or the president rather than to be the neutral civil servant of the executive of the day and the state in general.

<sup>22</sup> Uganda has recently made quite some progress toward controlling corruption. The Museveni government that came to power in Uganda in 1986 implemented a strategy of encompassing economic reforms and deregulation, civil service reform, a strengthened auditor general’s office the appointment of a reputable inspector general empowered to investigate and prosecute corruption, and implementation of a public information campaign against corruption (Grey & Kaufmann 1998:9).

Besides, it is instigated to accommodate to the "international agenda", and to please international donors and lenders.

### **5.3 Internal or institutional control ("control from within")**

The *esprit de corps* in the form of bureaucratic professionalism and the defence of the public over the private is to a large extent dependent on the internal and institutional controls of the administrative and executive system. These administrative controls include the various controlling and auditing bodies within the state administration in the form of specially assigned institutions and principles, like for instance the Auditor-General's office, Anti-Corruption Commissions, Public Account Committees and Ombudsman Offices. These not only include financial auditing, but also human resource audits, organisational audits, and physical performance audits. The efficacy of audit reports is furthermore dependent on their being submitted not only to the executive and legislative branches of government, but also to the broader public via the media.

The separation between the realm of civil service and partisan politics, the professionalisation of the bureaucracy through competitive entry, the accountable use of public resources (audited accounts), the competitive compensation and merit systems based on performance (i.e. *meritocracy*) are other instruments of control. The public sector ethics and performance can also be refined through ministerial reorganisations (smaller ministries), the crating or strengthening of central co-ordinating organs<sup>23</sup>, simplification, standardisation, and flexibility (cutting red tape, eliminate non-essential functions, dismissal of redundant civil servants, recruitment procedures, inspection, capacity building in training, eliminate ghost workers, salary increases, the monetarisation of benefits). For instance is the declaration of assets for all officials, and provisions regarding the transparency in bidding for and granting of public sector contracts particularly important. The more discretion officials have through abundant, complex and non-transparent regulations, the more corruption becomes likely.

Since bureaucratic corruption in most instances is based on a particular agreement or understanding between two individuals, as a deal based a personal relationship of knowledge through family, clan, origin or the like, one of the institutional arrangements that can be set up to reduce corruption is to impersonalise the relationship between state officials and the public. All the mechanisms of the Weberian ideal bureaucracy therefor applies, like specialisation, hierarchical lines of authority, recruitment, promotion and pay according to seniority and merit.

The dilemma with the internal and institutional steps to reduce corruption is that the state bureaucrats usually are among those who benefit the most from corruption. In addition to the individual gains, the bureaucracy may have vested group interests in keeping up corrupt practices. Gunnar Myrdal argued 30 years ago that restrictive, complex and ambiguous bureaucratic regulations and interventions were introduced, maintained and developed by the state and the bureaucrats themselves to create and facilitate bureaucratic corruption and extraction (Myrdal 1968).

### **5.4 Democratic control ("control from below")**

The democratic control or control from below include all the known checks and balances, the separation of powers, rule of law, and legislative and judicial

---

<sup>23</sup> In Mali, in one of the most aid-dependent countries in the world, there is for instance no central institution to co-ordinate the aid inflow. This indicates a lack of control, and also wide opportunities for corruption.

independence which are the fundamentals of democratic systems. These are necessary institutions to ensure the political responsiveness of politicians and civil servants. However, also a number of organisations of the civil and political society, and the public, are needed to control and restrict corruption in the various state institutions. Just as strong states are necessary to control and restrict the corrupt and monopolising tendencies of the private sector, the state itself will have to be controlled from below.

An independent, competent judiciary is one of the checks of executive (and legislative) power. In order to fulfil this role of checks in general and controlling corruption in particular, the courts will need independence from executive interference, they will need appropriate financial, institutional and professional resources (investigators, prosecutors and judges), they will need a due legislation and specialised provisions to work with, and a relevant authority to execute its rulings (credible and timely punishment).

Parliaments can reduce corruption through their power of legislation and resource allocation. The role of parliament members in general and opposition party members in particular is to monitor and control the workings of the government and of the administration, it is to criticise and make suggestions, and to inform the general public. The parliament has a right to know, and it can make inquiries, set up oversight committees, make investigations and pose questions to any governmental and administrative act. The political parties are another part of this control mechanism, both those represented in parliament and those in extra-parliamentary opposition.

A free press and an active civil society (for instance non-governmental watchdog organisations and monitoring associations) are also highly relevant counter-powers to restrict corruption and executive abuse. However, free and fair elections are the ultimate accountability, restriction and control mechanism. Given the condition that there is multipartyism, real differences between parties and real party and policy alternatives, and that elections have decisive outcome for the composition of the executive, elections can sensitise, restrict and make accountable the individuals up for election.

There is also the dilemma here, that political parties and civil society organisations are no more democratic and no less corrupt (or less inclined towards corruption) than those in office. Domination, hegemony-seeking and unrestricted rule is the latent inclination of many ethnic, religious and regional groups, and certainly in certain ideologies and individual ambitions. The "*I want to be caliph in stead of the caliph*" agenda is a recurrent political program in many countries.

In many liberal democratic countries, the political parties have for instance gone very far to increase their income, when the contributions from member fees and public financing are deemed insufficient. Businesses, corporations, and interest groups are increasingly called upon to contribute to parties and campaigns. For instance is the spread of *Political Action Committees* problematic, and the fundraisers of presidential candidates in the U.S.A. operating on the margins of legality. The Flick scandal in Germany, the Lockheed scandal in Italy, Japan and the Netherlands as well as the Korean clean up has demonstrated this widespread corrupt practice within the political parties (Mény 1996:314).

## **6. How to Study Corruption**

Corruption studies do not differ basically from other problem-oriented social science studies. The methodology of corruption studies will have to reflect the terms of reference (the frame of understanding), the scope of the study (narrative, explorative,

explanatory, hypothesising), and the specific variety of corruption one is focussing on. To describe specific cases of grand scale bribery and to explore unknown and possible varieties of corruption requires methods from the other end of the tool box than does the systematic testing of existing theories of corruption and the measuring of corruption across institutions and nations.

There have been a number of quantitative studies undertaken to assess the quantity of corruption in both institutions and across nations. The most well-known of the indexes on corruption are the *Business International* (BI) index, the *International Country Risk Guide* (ICRG) index, the *Global Competitiveness Report Index*, and the *Transparency International* (TI) *Corruption Perception Index*<sup>24</sup>. All of these indexes are, however, based on the personal judgements, perceptions and opinion of a number of observers, and not on statistical "hard data".

Case studies, on the other hand, can reveal much information on the scope and characteristics of specific instances of corruption. To generalise from case studies is impossible, but general hypotheses and assumptions on the nature and extent of corruption can nevertheless be derived from case studies. In sum, methodological triangulation (the use of several social science methods) is necessary to disclose the patterns and extent of corruption.

From a political science point of view, the focus on political corruption is not on its magnitude, but rather on its consequences, like when private interests get favourable access to politicians, when political decisions that are open to the highest bidder, and on its destructive effect on the national economy. Even more important is the focus is on its causes, on the broader political system in which corruption take place.

It has now been argued that political corruption can be understood as one of the deliberate strategies for enrichment and power-aggrandisement employed by authoritarian power-holders, in particular in neopatrimonial countries. This understanding of corruption, and this kind of corruption, will require a particular kind of research methodology. When political corruption is understood not as an isolated phenomenon but as an integral part of a broader context of authoritarian elite-enrichment, it will have to be studied in its contextual relations. For instance, when the level of corruption in some authoritarian regime is low, this could be because the ruling elite has access to other means of enrichment making corruption less essential. And *vice versa*; where corrupt practices are extensive, this could be because other means of elite enrichment are restrained. That is, when the size of the state administration is scaled down and the possibility to reward followers and clients are restricted, more direct corruption (criminalisation) within the remaining positions might well be one of the consequences.

One methodological way of departure is comparison, which means to compare of one given case with other cases, or with theoretically established models and identified patterns. Incidences of corruption and other methods of enrichment may be

---

<sup>24</sup> The *Business International* (BI) index ranks countries from one to ten according to the "degree to which business transactions involve corruption in questionable payments" according to their own staff/journalists. The *International Country Risk Guide* (ICRG) index is based on the opinion of experts and supposed to capture the extent to which "high government officials are likely to demand special payments" and to which "illegal payments are generally expected throughout lower levels of government" in the form of "bribes connected with import and export licences, exchange controls, tax assessments, police protections, or loans". The *Global Competitiveness Report Index* is based on a survey of private firm managers/executives in top and middle management. The *Transparency International Corruption Perception Index* (CPI) is based on the perceptions of international business people.

unique to one case, or it may qualify as a part of a broader pattern. Social science methodologies are based on two basic logics, the inductive and the deductive logic. The inductive method departs from one known case or a few known cases, and attempts to search out broader patterns. For instance, one can compare instances of corruption in more countries, and search out the differences and similarities in corrupt practices. The deductive method departs from known patterns or theoretic models, and attempts to search out the deviations and similarities between this reference and the given case. For instance, by referring to known patterns of corruption in some countries, or to presumed patterns in relevant models, one can proceed by asking if these patterns also exist in the country of study, if the case fits the category and should be understood as one example of a theoretic model, and to what extent there are deviancies. Since corruption has been sufficiently studied in social sciences over the last years to create good terms of reference, the latter comparative approach is recommendable.

This has also been the methodological rationale of this presentation. By presenting a theoretic model of regime types, and in particular the neopatrimonial regime with its patterns of accumulation of which corruption is but one, a point of reference has been established against which other countries can be compared. Even when the neopatrimonial system is extreme in several of its aspects, it may serve as a reference point. First of all, the model helps direct the search towards specific political and economic patterns and institutions, and secondly it is rich in examples that one should be aware of.

However, because of its illicit or immoral nature, political corruption is even more inaccessible to scientific investigation than most other human behaviour. Corruption is always clandestine, and the broader modes of enrichment and power-abuse are intentionally tacit, concealed, under-communicated, and explained away (except whenever it is rampant and totally unchecked). This challenge posed by the concealed, under-communicated and illegal nature of the phenomenon, is not unknown to other social science research, but it indicates the feebleness of statistical methods in assessing the quantitative aspects of corruption. To get some information at all, on certain aspects of corruption, one will have to approach the phenomenon with innovation and imagination.

To take a look at funerals, for instance, is a method occasionally used by anthropologists in order to establish family relationships and friendships in clientelist systems. One example of this is from what used to be known as "*Kremlology*". In order to study the political elite in their headquarters in the Kremlin, in the closed and inaccessible former Soviet Union, political researchers had to puzzle together the extremely meagre information available. One source of information was pictures from the funerals of communist party dignitaries. Through experience, one knew that a successor could be identified rather definitely, even before the his name was made public, by identifying one of the men carrying the coffin to the burial site, namely the man in the right front corner of the coffin.

Another example of the case study narrative method is from a recent book on the Côte d'Ivoire by John Rapley<sup>25</sup>. He identified the Ivorian political elite partly in terms of formal position and partly in terms of ownership to private businesses, and in addition to this he identified their clientelist relationships by the help of funerals. In the newspaper ads all the important family members of deceased people are listed and named, and in the funeral ceremonies the closest friends, patrons and clients of the

---

<sup>25</sup> John Rapley, *Ivorien Capitalism*. Boulder & London, 1993, Lynne Rienner Publishers.

deceased are usually present. Through this, Rapley was able to depict the hierarchical network of the 50 ruling families in the country, with the president of the republic at the summit and all the important patrons below. He also indicated the straddling strategies of these families in terms of overlapping political positions in the state and the ruling party, in business conglomerates, and through friendship, kinship and marriages.

## 7. Summary

Even when the effect of democratisation in curtailing corruption is not too strong according to the statistics available, and remain debated in the discourse on corruption, the practical argument here is that corruption can only be reversed by democratising the state. The argument is that economic and political competition, transparency and accountability, coupled with the democratic principles of checks and balances, are necessary deterrence instruments.

The empirical test of this reasoning is nevertheless anecdotal, unsystematic and in some cases contradictory. Democratisation and liberalisation has increased the level of corruption to unmanageable proportions in Russia and several other formerly communist countries, as well as in a number of erstwhile one-party regimes in Sub-Saharan Africa. Some of this increase might be interpreted as an increase in visibility, because access to information is made easier in democratising countries. Some increase might be accredited to a change in into more visible forms of corruption, and some increase may be explained by the new-won freedom from constraints and obligations that is felt by people when the authoritarian regime is gone. Most of this increase is, nevertheless, caused by weakened political institutions. Thus, political corruption adds to the many other problems of democratic transformation and consolidation. The fight against corruption and the struggle for a clean and accountable government should therefore be seen as a part of a broader democratic agenda.

Finally, the issue of corruption should not be addressed from only one viewpoint, neither the study of corruption nor the struggle against corruption. This is because each of the possible sources that can *curtail* corruption is also a possible *source of* corruption.

## References:

Amundsen, Inge:

*In Search of a Counter-Force. State Power and Civil Society in the Struggle for Democracy in Africa. (Or: Mapping the political landscape of Senegal, the Côte d'Ivoire and Cameroon)*. Tromsø, 1997, Institute of Social Science. Vol. 1 + 2. Unpublished thesis.

Bayart, Jean-François; Ellis, Stephen & Hibou, Béatrice:

"*La criminalisation de l'État en Afrique*", Paris, 1997, Editions Complexe

"*The Criminalisation of the State in Africa*", Oxford, 1999, James Currey.

de Sardan, J.P. Olivier: "A moral economy of corruption in Africa?" in

*The Journal of Modern African Studies*, vol.37, no.1, 1999, pp.1-23.

Fairbanks Jr., Charles H.: "The Feudalization of the State" in *Journal of Democracy*, vol.10, no.2, 1999, pp.47-53.

Friedrich, Carl J.: "Corruption Concepts in Historical Perspective" in

Arnold J Heidenheimer, Michael Johnston, & Victor T. LeVine (eds.): *Political Corruption. A Handbook*. New Brunswick NJ, 1989 (third printing 1993), Transaction Pub.

Grey, Cheryl W. & Kaufmann, Daniel: "Corruption and Development" in

*Finance & Development*, March 1998, pp.7-10.

Heidenheimer Arnold J, Michael Johnston, & Victor T. LeVine (eds.):

*Political Corruption. A Handbook*. New Brunswick NJ, 1989 (third printing 1993), Transaction Pub.

Heidenheimer, Arnold J.: "The topography of corruption: explorations in a

comparative perspective" in *International Social Science Journal*, vol.48, no.3, Sept. 1996, pp.338-347.

Johnston, Michael: "The search for definitions: the vitality of politics and the issue of corruption" in *International Social Science Journal*, vol.48, no.3, Sept. 1996, pp.321-335.

Khan, Mushtaq H.: "A Typology of Corrupt Transactions in Developing Countries" in *IDS Bulletin*, vol.27, no.2, April 1996.

Leys, Colin: "What is the Problem about Corruption?" in

*The Journal of Modern African Studies*, vol.3, no.2, 1965, pp.215-230.

McNulty, Mel: "The collapse of Zaïre: implosion, revolution or external sabotage?"

in *The Journal of Modern African Studies*, vol.37, no.1, 1999, pp.53-82.

Médard, Jean-François: "La corruption internationale et l'Afrique" in

*Revue internationale de politique comparée*, vol.4, no.2, 1997.

Mény, Yves: "'Fin de siècle' corruption: change, crisis and shifting values" in

*International Social Science Journal*, vol.48, no.3, Sept. 1996, pp.309-320.

Myrdal, Gunnar:

*Asian Drama*. Harmondsworth, 1968, Penguin.

Olowu, Bamindele: "Redesigning African civil service reforms" in

*The Journal of Modern African Studies*, vol.37, no.1, 1999, pp.1-23.

Toulabor, C.M.: "Bellissima Basilica Yamoussoukroensis: l'entéléchie du 'miracle ivoirien'" in *Année Africaine* 1990-1991, pp.191-213.

## Annexes

### Comments to table 1

The level of income (x-axis) is the GNP per capita in US\$ for the year 1995 according to the World Bank's *World Development Report 1997* (table 1 and 1a). The four columns represent from the left the countries ranged in the report as low-income economies (up to 730 US\$/capita), lower-middle-income (770-3020), upper-middle-income (3160-8210) and high-income economies (from 9700).

The level of corruption (Y-axis) is according to Transparency International's *Corruption Perceptions Index* for the year 1998 (<http://www.transparency.de/documents/cpi/index.html> [May 18<sup>th</sup> 1999]). This index ranges 85 countries on a scale from 10.0 to 1.0, where 10.0 is no corruption reported and 1.4 the highest level of corruption recorded. Note that the information (perceptions) has been gathered mainly from international businessmen, and that the index is according to their perception on one form of corruption, corruption between international corporations and national states.

In the cross-table, all the 85 countries figuring in the CPI index have been included, except for Taiwan (which does not figure as an independent country in the Development Report). In sum, the correlation between national income and corruption is a very strong and unambiguous one. No highly deviating countries exist (highly corrupt high income or not corrupt low-income countries). A low level of economic development is strongly correlated with high levels of corruption, and vice versa. Of the least developed countries, all are more corrupt than the median level of corruption. Of the most developed countries, all but two are less corrupt than the medial level of corruption.

Total distribution of countries N=84

1 - 1.9	4	1		
2 - 2.9	5	10		
3 - 3.9	6	11	2	
4 - 4.9	2	3	4	2
5 - 5.9		4	4	2
6 - 6.9		1	1	3
7 - 7.9				5
8 - 8.9				5
9 - 10.0				9
	<b>Low</b>	<b>Lower-Middle</b>	<b>Upper-Middle</b>	<b>High</b>



## Comments to table 2

The level of democracy (x-axis) is according to the Freedom House's *Country Rankings* for the year 1998-99 (<http://www.freedomhouse.org/rankings.pdf> [May 18<sup>th</sup> 1999]). This index ranges 182 independent countries on a freedom scale from 1.0 to 8.0, where 1.0 is the most free and 8.0 totally non free. This freedom index include a number of indicators on both political rights and civil liberties, like the freedom and independence of the media, the freedom of assembly and demonstrations, the freedom of political association and multipartyism, protection of citizens from unjustified political terror, imprisonment, exile and torture, and the equality under the law. The appraisal of this index corresponds very well with other indexes.

The level of corruption (Y-axis) is according to Transparency International's *Corruption Perceptions Index* for the year 1998 (<http://www.transparency.de/documents/cpi/index.html> [May 18<sup>th</sup> 1999]). This index ranges 85 countries on a scale from 10.0 to 1.0, where 10.0 is no corruption reported and 1.4 the highest level of corruption recorded. Note that the information (perceptions) has been gathered mainly from international businessmen, and that the index is according to their perception on one form of corruption, corruption between international corporations and national states.

In the cross-table, the 85 countries figuring in the CPI index is included, except for Hong Kong (which did not figure in the freedom index). One country has been omitted from the cross-table: Singapore (the country in brackets in the table). This country stood out as extremely deviant showing a low level of freedom (5.5) and a low level of corruption (9.1). Three somewhat deviant cases have been included: Bolivia, Latvia and Honduras, all with a high level of freedom and a high level of corruption (1.3, 1.2 and 2.3 and 2.8, 2.7 and 1.7 respectively).

Overall, the correlation between democratisation and corruption is relatively strong one. A low level of political freedom is correlated with high levels of corruption. Of the most authoritarian countries (i.e. in the lowest freedom level, 7-7,9), all are in the three most corrupt categories (1-3,9). Of the least corrupt countries (countries in the corruption categories 7-10), all are in the most democratic (most free) category (1-1.9).

### Total distribution of countries, N=83

<b>1 – 1.9</b>	1	1	1	1		1	
<b>2 – 2.9</b>	1	3		3	2	4	2
<b>3 – 3.9</b>	1	3	2	2	4	7	
<b>4 – 4.9</b>			2	1	1	2	5
<b>5 – 5.9</b>		1	1			2	7
<b>6 – 6.9</b>					1	1	3
<b>7 – 7.9</b>							4
<b>8 – 8.9</b>							4
<b>9 – 10.0</b>			(1)				8
	<b>7 – 7.9</b>	<b>6 – 6.9</b>	<b>5 – 5.9</b>	<b>4 – 4.9</b>	<b>3 – 3.9</b>	<b>2 – 2.9</b>	<b>1 – 1.9</b>