

Political Corruption: Problems and Perspectives

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Introduction: On Why We Are All Now Concerned About Corruption

As the twentieth century comes to an end, one of the issues which has dominated its final decade - political corruption - shows little sign of diminishing in importance. The evidence is abundant. In the United States of America and the United Kingdom, two of the world's most well-established democracies, recent national elections have been punctuated by stories relating to corruption: in the former, President Bill Clinton has been dogged both by the so-called Whitewater scandal, and by questions over how his 1996 re-election campaign was funded; in the latter, John Major's Conservative government found itself caught up during the 1997 election campaign in allegations about 'sleaze', centring in particular on the 'cash-for-questions' issue. In a rather less well-established democracy, Pakistan, the government of Benazir Bhutto was dismissed in early November 1996 by President Farooq Leghari, accused (amongst other things) of undermining judicial independence and engaging in massive corruption. The following day, India's former prime minister, Narasimha Rao, already accused of vote-buying and forgery, was charged with criminal conspiracy to cheat a businessman. In Russia, still struggling to establish democracy on a secure footing, President Boris Yeltsin admitted in March 1997 that 'one of the main faults of the Russian authorities at all levels is corruption'.

These examples are merely illustrative of a phenomenon which was seen until quite recently as being virtually the preserve of authoritarian or 'developing' nations - basically, that is, non-democracies (or, at best, proto-democracies). Where political corruption existed in democratic nations, certainly established western democracies, it was usually viewed as an aberrant deviation from the norm. Such a view was undermined by the extraordinary revelations of systemic corruption which began to emerge in Italy in the early 1990s: the entire Italian post-war body politic was revealed to have rested on a complex web of corrupt networks which encompassed politicians, bureaucrats and businessmen at the highest levels. But, even if the Italian example represented an extreme, endemic high-level political corruption could no longer be presented primarily as a problem of non-democracies. Instead, corruption scandals began to emerge with insistent regularity in several other European democracies - notably, Italy's southern neighbours Spain and Greece, but also France, Germany, Austria and Belgium. By the mid-1990s, it appeared that no nation was immune to the corrosive impact of political corruption. Academic interest in the phenomenon experienced a parallel upsurge, characterized by a proliferation of conferences devoted to the issue, with related publications. The question arises of why political corruption has generated such interest in recent years. After all, as S.H. Alatas has commented, corruption is trans-systemic:

it inheres in all social systems - feudalism, capitalism, communism and socialism. It affects all classes of society; all state organizations, monarchies and republics; all situations, in war and peace; all age groups; both sexes; and all times, ancient, medieval and modern.

Part of the answer lies in the perception that the phenomenon has spread to new areas: no state any longer seems safe, not even the most mature democracy. The Italian revelations of the early 1990s acted as a form of catalyst to investigative journalists and, increasingly, magistrates in other democracies. Effectively, the Italian example produced a 'demonstration effect', sensitizing other western democracies to the issue of political corruption. It is hardly a coincidence that revelations of corruption scandals assumed a new momentum after the '*mani pulite*' (clean hands) investigations were initiated in Milan. The rise in exposure of political corruption, rather than the

fact of its existence, in turn became self-sustaining, prompting anti-corruption drives in several states.

However, the fact that corruption should have generated such public concern cannot be divorced from the wider political context within which it was uncovered. The early 1990s coincided with the collapse of the post-war order: until then, the Cold War had provided political actors with ideological and geo-strategic reference points. Its end destroyed the certainties which had characterized post-war Europe. Moreover, it contributed to the unravelling of a political settlement in Italy which had originally been based on an anti-communist coalition built around the Christian Democrats. The revelation of widespread political corruption helped undermine one of the support structures - the claim to operate on the basis of public accountability - which had underpinned western democracies in the post-war world, and distinguished them from communist regimes. The lack of trust in public organizations associated with what has been termed the postmodern politics of fear and risk was exacerbated by the sheer scale of political corruption: without trust, democracy itself was threatened. For some, therefore, political corruption is simply one more manifestation of the contemporary crisis of the nation state or, more particularly, western democratic states.

To others, such speculation may seem fanciful - or at best overblown. Rather more mundane reasons can be adduced for public concern about political corruption. For instance, it is possible that what changed in the early 1990s was the public's readiness to tolerate political corruption, the result in turn of a downturn in economic circumstances. Just as the proposals contained in the Maastricht Treaty began to meet with growing scepticism when they were used in several member states of the European Union to justify stringent controls on public expenditure, so political corruption may have assumed greater importance in the absence of a 'feel-good' factor.

On the other hand, expectations of standards of behaviour amongst public servants may have changed as a result of greater - some may argue, more intrusive - media investigation. Since the early 1970s (and partly as a result of Watergate) politicians have been exposed to a much more intense media spotlight than were their predecessors. Again, this argument should not be overplayed: it may be more accurate - at least in regard to personal morality - in Anglo-Saxon nations than in continental European democracies, which appear to display a lower level of public prurience about their politicians' private lives. Nonetheless, one aspect of political corruption which has kept it in the public spotlight in recent years is that it makes for good news stories: there can be little doubt that 'scandal' appeals to the investigative instincts of journalists just as much as it does to viewers, listeners and readers of the mass media. Several political corruption scandals have involved such a degree of intrigue and, at times, sheer audacity, that following them can be akin to reading a good thriller. For journalists, too, the prospect of uncovering a major scandal offers the promise of career advancement and financial reward.

Neither were investigating magistrates likely to be immune to the seductive appeal of the limelight which accompanied their every action. In Spain, Baltazar Garzon, who led the investigations into the GAL affair, was dubbed 'Super Garzon' in the media - an image he seemed happy to cultivate as he rose to political influence. Similarly in Italy, several judges - notably Antonio Di Pietro - became household names and were able to launch their own political careers on the back of anti-corruption credentials. Even in Britain, where the legal system differs markedly from the civil law tradition in most continental countries which allows judges also to act as prosecutors, names like Nolan and Downey came to public prominence as a result of their official enquiries into standards in public life and 'cash-for-questions' respectively.

The examples of corruption mentioned so far have all been drawn from a diverse range of democracies. This reflects in part the fact that there is growing concern about the apparent spread of political corruption to democratic states. However, it can also be argued, although not all the contributors to this volume would necessarily subscribe to such a view, that political corruption - particularly at high level - is more serious in democracies than in other forms of political system.

This is not because political corruption matters 'more' in democracies than in non-democracies. Rather, it is because it does more damage to democracies: it is more undermining of their basic principles in a way which is not true for non-democracies. The effects of corruption are especially disruptive in democracies: by attacking some of the basic principles on which democracy rests - notably, the equality of citizens before institutions (that is, the idea that individuals should be treated with fairness and respect by government officials) and the openness of decision making (that is, crucially, accountability) - corruption contributes to the delegitimation of the political and institutional systems in which it takes root. It is for this reason that political corruption is rightly a central focus of concern in contemporary democracies.

The Definitional Dilemma

The emphasis in this volume is on political corruption, as opposed to corruption more generally, and attention is therefore devoted primarily to the public sphere in which political actors operate. The critical emphasis here is on the 'public sphere': on corrupt activities which take place either wholly within the public sphere or at the interface between the public and private spheres - such as when politicians or functionaries use their privileged access to resources (in whatever form) illegitimately to benefit themselves or others. Boundaries are clearly critical: those activities which take place wholly outside the public sphere, such as private sector business and financial corruption (which are rife), lie outside the concerns of the analyses in this volume. Naturally, there are substantial areas where public and private overlap: in some countries it is difficult to distinguish clearly, for instance, political corruption from organized crime. The case of Italy, in particular, as well as more recent developments in Russia, demonstrate that the interconnections between organized crime and politics can be extraordinarily close. Equally, Donatella della Porta and Alessandro Pizzorno have talked of 'business politicians', a new breed of political entrepreneur who 'combines mediation in (licit or illicit) business transactions, first-hand participation in economic activity, and political mediation in the traditional sense'. Further problems are posed by, for instance, police corruption: insofar as the police operate within the public sector, they may be seen as possessing the potential to engage in political corruption when due legal processes are distorted - but the crucial issue here revolves around the extent to which such distortions are driven or motivated, or even directed, by political ends as opposed to personal, private or even corporate ones.

It would be impossible to develop one generalizable and uncontested definition of political corruption. In fact, the entire enterprise is probably misplaced: as Mark Philp indicates, any definition of political corruption presupposes a notion of 'un-corrupt' politics. Such an observation implies normative judgements about the proper nature of politics, and its potential distortion. Philp's chapter highlights the difficulties involved in such an enterprise, but also underlines the need to be aware of how our definition of politics itself will affect our understanding of what political corruption entails. On that basis, it is possible to argue that the meaning of political corruption might vary with the nature of the political system in question. This is not to make an argument in favour of incommensurable relativism, in which it becomes impossible to make comparative judgements across any two political systems; rather, it is to suggest that political corruption in, say, a democratic polity may (or even must) take a very different form (or forms) to that in a non-democracy. The nature, scope and potential of political corruption will vary according to the type of polity in question, and its purposes. Thus, a wide-ranging generic definition can at best provide a starting point for identifying and analysing different types of political corruption.

It is clear that there exists a series of different forms and kinds of political corruption with a range of characteristics, which need to be mapped. The construction of a comprehensive taxonomy may run the risk of sacrificing analytical purchase for descriptive detail, but is probably an essential first step in providing a basis for meaningful comparison. Some such attempts have been made. Alatas, for instance, developed a broad-ranging typology on the basis of a minimalist definition:

'corruption is the abuse of trust in the interest of private gain'. He distinguishes between 'transactive' and 'extortive' corruption. The former refers to a mutual arrangement between a donor and a recipient, actively pursued by, and to the mutual advantage of, both parties, whereas the latter entails some form of compulsion, usually to avoid some form of harm being inflicted on the donor or those close to him/her. Other types of corruption revolve around, or are the by-products of, transactive and extortive corruption. *Defensive* corruption is obviously related inversely to the extortive type, whilst *investive* corruption involves the offer of goods or services without any direct link to a particular favour, but with a view to future situations in which a favour may be required. *Nepotistic* corruption refers to the unjustified appointment of friends or relatives to public office, or according them favoured treatment. *Autogenic* corruption involves just one person, who profits, for example, from pre-knowledge of a given policy outcome. Finally, *supportive* corruption describes actions undertaken to protect and strengthen existing corruption, often through the use of intrigue (as in US machine politics) or else through violence. One advantage of Alatas' schema is that it offers a clear definition of corruption which is neither rule-bound, nor tied to society's prevailing moral conventions or norms. Extortive and transactive corruption can be identified in both complex and simple societies.

It is not difficult to conceive of other categories which could contribute to a typology of political corruption: distinctions could be drawn between high and low level ('grand' corruption versus 'petty'); the local and national level (the former being site of widespread corruption in regard, for instance, to municipal public works contracts); between personal and institutional corruption (that is, between corruption aimed at personal enrichment and that which seeks to benefit an institution such as a political party); between traditional and modern forms of corruption (for instance, nepotism and patronage versus money laundering through electronic means); and so forth. Given the difficulties involved in stipulating a satisfactory definition of political corruption, as well as the inevitably normative nature of any such attempt, it is incumbent upon analysts not just to be aware, but also explicit, about the framework within which they are operating, and to be particularly sensitive to issues of cultural nuance. However, armed with an appropriate generic conception of political corruption, it is possible to turn to the more empirical issues of how and why it occurs.

On the Causes of Corruption

The complexity of the phenomenon makes it impossible to provide a comprehensive account of the causes of political corruption. However, some central analytical issues can be outlined. A question which inevitably arises is why some countries appear more prone than others to political corruption: are there cultural causes of corruption, or does the emergence of political corruption depend upon more institutional factors? One possible response is to formulate the issue in terms of structure and agency. In such an approach, 'embedded local cultures' might be seen as a structural given: thus, rather than an appeal to some conception of national character, the nature of social practices in a country can be seen as a reflection of the long-term development and organization of its social and political system. In Europe, a divide is sometimes drawn between the more corrupt southern states (Italy, Spain, Greece) and their less corrupt northern neighbours (particularly, Scandinavia, the Netherlands and Britain).

The 'structural' approach to political corruption places particular emphasis on the nature of state development. Administrative organization and efficiency are key variables, alongside the manner in which the political order becomes institutionalized. If the processes of social and political exchange are clearly separated from those of political and economic exchange, the penetration of politicians into bureaucratic structures becomes more difficult. In Britain, which has often been seen as free of endemic political corruption, one possible contributory factor may be the early institutionalization of its political parties and party system, separate from the administrative structure. In other European countries, notably those in the south, particularistic and personalized

social structures remained in place as financially poor and administratively inefficient central states were forced to rely on 'regional brokers' at local level. In most of Mediterranean Europe, where the central state was weak, these regional brokers - *mafiosi* in Italy, *caciques* in Spain, *comatarhis* in Greece - mediated between centre and periphery on the basis of patronage networks which served as an important mechanism of social order. Strong patron-client networks ensured that the flow of favours and benefits was anchored in personal relations between individuals, a system which the deficiencies of the state administration ensured was largely self-perpetuating. Naturally, there are enormous variations in the nature of state development - even within Europe, let alone throughout other continents - and it would be foolish to place too much weight on the inter-penetration of administrative and political structures as the principal explanatory factor in the incidence of political corruption. Nevertheless, the existence of strongly entrenched clientelistic networks may contribute to the development of a path dependency, in which it becomes almost impossible to escape from what Donatella della Porta has described as the 'vicious circles' of clientelism-corruption-clientelism and poor administration-corruption-poor administration.

Della Porta has also distinguished in the Italian case between traditional forms of clientelism, involving localized relationships between patrons and clients, and clientelistic networks, which are linked to broad institutional contexts. This distinction highlights how forms of political corruption have changed and developed over time; it also links to an agency-based approach to explaining the causes of political corruption - one that rests on analysing the motivations of those who become involved in political corruption. There are several variants of such an approach. One view is that the sense of public ethos which used to be highly developed amongst those who entered politics has been dissipated by the rise of a class of more self-interested (and therefore less ideologically motivated) 'career politicians'. Venality is hardly a recent phenomenon in politics, but the emergence of so-called 'business politicians', as described above, reflects a perceived tendency for a growing number to enter politics primarily for personal gain. A similar trend in North American politics was earlier identified by Rogow and Lasswell, who referred to 'gain politicians' - party bosses with little interest in national political issues. An alternative perspective suggests that the low levels of financial reward for many in the public sector provides an impetus to engage in corruption: it follows that political corruption should be lower where financial rewards and incentives are highest. In fact, as Ades and Di Tella indicate, the evidence on this issue is far from clear-cut: in Singapore, for instance, which is often seen as relatively free of corruption, it is difficult to determine whether this is because of the very high salaries paid to public officials, or because of tough law enforcement measures.

An influential view, which derives mainly from within the discipline of economics, sees political corruption largely as the product of growing state intervention. As the public sector has grown, particularly through an expansion of the welfare state, so ever more decisions - as well as control over ever greater financial resources - have been transferred into the hands of the political class. Instead of being subject to the discipline of market mechanisms, allocative decisions are bound by a series of rules and regulations which create incentives for both private individuals and public officials to circumvent them. It follows that privatization and deregulation should serve as powerful antidotes to political corruption.

In practice, the evidence is far from clear-cut. Meny and Rhodes have emphasized the importance of exploring 'political opportunity structures' in analysing variations in political corruption. These refer to the institutional arrangements of political and administrative power: the extent to which they are transparent, open, subject to effective pressure, and so forth. Opportunity structures do not remain constant, but evolve over time in response to exogenous pressures. Amongst the most significant recent pressures - certainly in western democracies - are those which have derived from transnational developments, often associated with globalization or internationalization. In economic terms, restructuring has affected the nature of production and

trade, the operation of financial markets, and the provision of services. The global economy places a premium on information, thereby privileging certain key posts at the interface of public and private sectors: the opportunities for insider trading and market manipulation have been transformed through processes of financial deregulation. It has become possible to organize transactions of extraordinary complexity, creating in turn new possibilities for a black market in corruption to flourish.

In institutional terms, recent transformations have been equally profound. Alongside changes in regulatory mechanisms, which have become increasingly independent of national governments, the decline in influence of representative organizations such as political parties and trade unions, and the transfer of decision-making authority both upwards through transnational organizations (for instance, the European Union) and downwards through decentralization, the division between the public and private spheres has become increasingly blurred. One factor which has contributed to this development has been privatization. Rather than create a clear distinction between public and private sectors, privatization programmes have often been characterized by the emergence of a series of quasi-governmental regulatory agencies, quangos and 'third sector' organizations (voluntary, non-profit or charitable organizations which have become 'the private agents of public policy'). This process of 'agencification', linked to the doctrine of 'new public management', has created significant opportunity structures for influence-peddling, as well as removing many regulatory agencies from direct public accountability. Similarly, public administrations in many western democracies have been faced with public choice onslaughts which have transformed organizational structures, shifting the emphasis away from due process (ensuring that all citizens benefit from respect for the rules) towards efficiency and output. Again, these changes have increased the scope for discretionary action, and - as Dawn Oliver underlines - have further blurred the divide between public and private spheres.

Such developments cannot be divorced from the ideological context of the 1980s and early 1990s, in which the prevailing *Zeitgeist* devalued the state and public provision in favour of the market. This ideologically-driven approach perhaps reached its apogee in western responses to the former communist regimes of the Soviet bloc, in which aid was made conditional upon a transition to free-market mechanisms within an almost impossible time-scale. As Federico Varese demonstrates, the imposition of market mechanisms in the absence of adequate legal underpinnings created plentiful opportunities for rampant corruption in post-Soviet Russia. Yet, even if Russia represents an extreme case, the exaltation of the market in established democracies has also engendered a certain disdain for regulatory mechanisms and established rules of conduct. In contrast, therefore, to those who see state regimentation and bureaucracy as the principal cause of corruption, it is equally plausible to make the case that deregulation has helped blur the lines between public and private spheres, whilst the emphasis on the market, competitiveness and profit has devalued a 'sense of state'. The belief in the pre-eminence of the market has spread across much of the globe: neo-liberal values, which first took firm hold in the USA under Reagan and the UK under Thatcher, have become dominant in most of Europe, most of Latin America, much of Asia (where the dramatic success of Japan and the 'tiger' economies has provided a further boost), and even parts of Africa. The introduction of new models of economic organization, which (as in the case of the former communist countries) has often been dramatic, has created new opportunity structures for engaging in political corruption. As Varese suggests, corrupt entrepreneurs have exploited the uncertainty associated with the transition to the market no less ruthlessly than corrupt officials exploited their control of the state apparatus under communist regimes.

Much of the discussion so far has centred on the motivations and opportunity structures for individual actors to become involved in political corruption. Attention should also be devoted, however, to more institutional factors. In particular, the financing of political parties, and the funding of elections (especially in the USA and Japan), have become issues of central concern in

relation to political corruption. Many of the major scandals in democracies in recent years have been linked in some way to campaign or party finance. The democratic political process costs money - in ever increasing amounts. Regulations over the funding of political parties and electoral campaigns vary widely, but in all democracies there has been an inexorable upward trend in election expenditure. There are several reasons for the increasing cost of politics, the most obvious of which is the ever greater reliance on television advertising as a means of communicating with the electorate. In addition, fees to political consultants and expenditure on fund-raising initiatives have spiralled. Yet, the rise of the age of 'mediacracy' has occurred in parallel with a secular decline in membership of political parties: where once parties relied heavily on their activists for both subscriptions and voluntary work, they are now more dependent on expensive professional campaign teams, their approach largely driven by the 'Americanization' of the political process in most democracies.

Even in periods between elections, political parties find themselves engaged in ever more costly battles to maintain a high public profile. In short, parties are over-extended and under-resourced. It is inevitable that they should seek to exploit all avenues in the search for funds. Which avenues are open will of course depend on prevailing regulations in any given country, but the search for additional revenue exerts an enormous pressure on political parties to find ways of circumventing, or at least bending, the rules. In practice, several of the corruption scandals which have emerged in Europe in recent years have involved political parties engaging in secret financing, rather than individuals seeking personal benefit.

Another potential cause of political corruption which merits attention is longevity in power, or at least the feeling that political power is not threatened by realistic challengers or alternatives. In non-democracies, the lack of formal independent mechanisms whereby power can be meaningfully challenged opens multiple possibilities for corruption by government officials and bureaucrats. In democracies, on the other hand, the institutional structures of the 'state of law' are designed to ensure public accountability. In practice, where governments come to feel that their hold on power is unassailable, the distinction between government and state can become blurred in the eyes of those in power, with the consequent risk of acting as if above the law. The Socialist Party in Spain under Felipe Gonzalez, which ruled from 1982 until 1996, was often accused of arrogance in power and disdain for due processes, culminating in the so-called GAL scandal, whereby the government was alleged to have used reserve funds to set up death squads which executed members of the Basque separatist group, ETA. The Christian Democrats in Italy and the Japanese Liberal Democrats retained national hegemony for more than a generation before corruption scandals led to their downfall. This argument needs to be treated with some caution, however: not only can governments in power for short periods equally behave as if above the law (the GAL were set up in 1983, less than a year after the Spanish Socialists came to power), but also not all those which hold power for extended periods succumb to the danger of arrogance.

On the Consequences of Political Corruption

Given the difficulties in defining and, in consequence, measuring political corruption, it is unsurprising that there have been few empirical studies into its effects. Whilst most analysts are agreed that political corruption is morally reprehensible, there is far less agreement over its practical consequences - in either political or economic terms. In the 1960s, several analysts working within the framework of 'modernization theory' saw corruption as fulfilling a positive function in developing countries. In these countries, it was argued, corruption could provide a stimulus to investment, promote efficiency, and help cut through bureaucratic red tape and delays. Corruption has often been depicted as a lubricant, helping to foster social integration as well as economic development by providing a 'hidden incentive' which substitutes for the inadequacy of official procedures. Paul Hutchcroft's discussion of the impact of rents, corruption and clientelism on Third

World development provides a nuanced account of the complex issues involved: he demonstrates the importance of assessing 'particular landscapes of special advantage'. In short, there is no simple or straightforward correlation between corruption and development in Third World countries.

A political analysis of the impact of political corruption is provided by Donatella Della Porta and Alberto Vannucci. They argue against functionalist accounts which stress the efficiency of corruption in short-circuiting irrational administrative structures. The hypothesis that organizational efficiency is increased by paying a bribe to ensure that certain services are provided which otherwise would not be (or else would be provided more slowly) can be challenged on a number of grounds. First, if a service is provided more quickly to one corrupt purchaser, then another equally deserving potential recipient will be forced to wait: the advantage to one represents a disadvantage to the other. Second, the decision-making process is distorted: some decisions may be changed as a result of corruption, or else decision makers may devote their energies towards appropriating revenue for personal profit, which is likely to hamper organizational efficiency. Third, the resulting administrative inefficiency creates more opportunities to engage in corruption, so corrupt administrators therefore have an interest in maintaining an inefficient system: organizational structures come to reflect the interests of those who are corrupt. Thus, even where corruption appears to favour efficiency (which must rest on a definition of efficiency which is tied exclusively to economic ends), it necessarily produces at the same time forms of inefficiency which negate its positive influence. Moreover, the assertion that corruption can be functional rests on the premise that existing procedures must be inefficient. For Della Porta and Vannucci, therefore, political corruption and maladministration feed upon each other. Political corruption generates social costs, as well as placing an increased burden on public accounts.

Much western political science in the 1960s and early 1970s was characterized by a certain confidence, bordering on condescension, in regard to high-level political corruption: essentially a problem of under-developed and non-democratic nations, its control and eradication depended upon institutional design, with liberal democracy providing the model towards which 'developing' nations would make (inevitable) progress. The contrast with the late 1990s is striking. The western triumphalism which followed the collapse of communism has been replaced by far more apocalyptic scenarios, increasingly pitched in terms of a 'clash of civilizations': confidence in 'westernization' being emblematic of 'modernization' has (at last) been eroded, but in its place has emerged a vision in which western civilization is facing a challenge from the morally integral alternatives of Islamic and Asian-capitalist states. In such a scenario, growing corruption and decadence are symptomatic of western civilization in decline: what we are witnessing may be not so much political corruption *in* western liberal democracies as the political corruption *of* western liberal democracies.

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