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Publisher Routledge

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Perspectives on European Politics and Society

Publication details, including instructions for authors and subscription information:

<http://www.informaworld.com/smpp/title-content=t748254466>

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Online Publication Date: 01 April 2009

To cite this Article Ledeneva, Alena(2009)'Corruption in Postcommunist Societies in Europe: A Re-examination',Perspectives on European Politics and Society,10:1,69 — 86

To link to this Article: DOI: 10.1080/15705850802700017

URL: <http://dx.doi.org/10.1080/15705850802700017>

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Corruption in Postcommunist Societies in Europe: A Re-examination

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ABSTRACT *Anti-corruption drives and a new ‘corruption paradigm’ have figured prominently in the reconstitution of political order in Europe’s postcommunist states, under strong pressure from the international financial institutions and the European Union. Now that data on corruption are systematically collected, measured and monitored, it is both possible and essential to step back and assess what these data reveal, conceal or omit. This paper articulates and provides a critique of the assumptions, preconceptions and methodology implicit in the prevailing ‘corruption paradigm’. The critique is organized around the cultural and historical neutrality of the definition of corruption (assumption 1); problems with the measurement of corruption (assumption 2); and the implications for policy-making (assumption 3). The paper argues that the ‘disaggregation’ of the corruption paradigm in the postcommunist states is essential, both for an adequate assessment of the postcommunist experience and for determining the validity of the paradigm.*

KEY WORDS: Corruption paradigm, definition, public/private division, measurement, perception of corruption, policy-making, disaggregation, informal practices

Assumptions of the ‘Corruption Paradigm’

The currently prevailing ‘corruption paradigm’ was codified during the 1990s, largely in response to the post-Cold War integration of postcommunist countries into the global order. An influential IMF Working Paper by Vito Tanzi (1998) outlined a number of specific factors that determined the prominence of the phenomenon of corruption and linked them to the breakdown of communism and to the requirements of postcommunist transformations. These include: the collapse of the centrally planned economies; an increase in the number of democracies with free media; globalization, which has brought countries and individuals into closer contact; the heightened role of international organizations, such as the World Bank, International Monetary Fund, Organization for Economic Co-operation and Development;¹ the growing role of non-governmental organizations (NGOs) such as Transparency International (TI) and others; and the centrality of corruption as a phenomenon and as an issue in debates on privatization and restructuring of the economic institutions in postcommunist countries.²

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ISSN 1570-5854 Print/1568-0258 Online © 2009 Taylor & Francis
<http://www.informaworld.com>
DOI: 10.1080/15705850802700017

One could further argue that the same factors facilitated the consolidation of the corruption 'paradigm' in the so-called 'transitional agenda'. Postcommunist countries were expected to integrate into a wider global community, to adopt policies recommended by international organizations, and to 'cleanse' themselves of corruption in order to become transparent recipients of aid or to satisfy various conditions attached to the funds, loans and memberships of international organizations. In this context, it is essential to assess the implications of the 'corruption paradigm' to Europe's postcommunist region, and the impact of postcommunist experience on the paradigm. At least three core assumptions have defined the predominant view on corruption since the 1990s.

Assumption One: Definition

The first assumption is that corruption can be defined. Yet there are a number of problems with defining corruption. Firstly, corruption is an umbrella term for a wide range of complex phenomena, characterized by betrayal of trust, deception, deliberate subordination of common interests to specific interests, secrecy, complicity, mutual obligation and camouflage of the corrupt act (Alatas, 1990, pp. 1–2). This makes it difficult to find a simple formula relevant to all of them. Secondly, corruption is not a new phenomenon. It is present throughout the entire human history and plays a role in both the downfall and the development of societies. In a very general way, Brooks refers to corruption as 'the intentional misperformance or neglect of a recognized duty, or the unwarranted exercise of power, with the motive of gaining some advantage' (quoted in Alatas, 1990, p. 1). Yet, as a concept, corruption is much more recent, associated with the transformation of what Weber described as patrimonial power structures, where decisions are taken not on the basis of institutionalized rules but on the basis of personal relationships and traditional forms of authority. Transformations of this kind led to rational-legal and legal systems, where rules are institutionalized to such an extent that corruption can be conceptualized as the deviation from them. Thus, the modernization of bureaucracy initiated by Peter the Great in Russia undermined the custom of paying tribute to officials, eventually transforming what had previously been regarded an acceptable practice (Lovell *et al.*, 2000). Its subsequent criminalization, as acts of bribery, allowed the tsarist state to make some attempts to combat the practice, albeit fitfully and not very successfully. Similarly, the 1990s' transformation of postcommunist societies and efforts to synchronize their legislative and institutional frameworks with those of advanced market democracies have resulted, with varying degrees of success, in increasingly sophisticated instruments aimed at fighting corruption.

Most contemporary definitions of corruption assume that the transition to the rational-legal systems of rule is complete and that corruption can be understood as 'the abuse of public office for private gain' (Kaufmann, 1997; Rose-Ackerman, 1999; Tanzi, 1998). Corruption has also been conceptualized as: 'The misuse of public power, office or authority for private benefit – through bribery, extortion, influence peddling, nepotism, fraud, speed money or embezzlement' (UNDP, 2004); or 'Behaviour which deviates from the formal duties of a public role (elective or appointive) because of private-regarding (personal, close family, private clique)

wealth or status, gains, or (which) violates rules against the exercise of certain types of private-regarding influence' (Johnston, 1986, p. 460).

Although the precise wording varies, most conceptual formulations of corruption can be understood as involving the 'twisting' (betrayal, diversion, misuse, abuse, manipulation, exploitation) of something public (office, duty, good, trust, funds, resources, power, influence) into something private (gain, profit, benefit, advantage, interest). All definitions refer or allude to *deviance* from the manner in which things should be done – a move *away* from the public (communal, institutional, formal) and *toward* the private (personalized, unauthorized, informal). Three important assumptions underpin such definitions: the existence of the public/private distinction; the relevance of the classic model of corruption; and a normative doctrine.

Most definitions of corruption rely on the distinction between public and private, and assume that not only do the public and private spheres operate according to discrete sets of rules and norms, but that it is wrong to mix them. Most definitions within this framework assume that at least three parties have to be involved in an act of corruption. A corrupt exchange appears to take place between two actors – a client (a giver) and an agent (a taker) – but, explicitly or implicitly, there is always a third actor in the background (the principal). The principal is usually conceptualized as a rule-maker, or an organization that embodies the public interest and employs an agent to implement the rules set out by the principal (Klitgaard, 1988). Even in the analyses of countries where corruption is pervasive and such deviant behaviour is perceived as the norm (Varese, 2000, pp. 99–100), the analysis invariably stems from the 'principal-agent' model of corruption, with its tacit assumptions of the 'ideal type' of relationships between the three parties. Such a *normative view* is implicit in all the interchangeable formulas of corruption-as-deviance as outlined above.

Corruption is often trivialized as a 'disease', the causes, conditions and effects of which must be diagnosed, studied and cured (Alatas, 1990). In more sophisticated analyses the normative perspective results in various typologies of corruption, where types are 'observed' and articulated with reference to degree (petty, administrative, state capture); frequency (routine or extraordinary, exercised by many or by few); motivation (coercive or collusive); level (centralized or decentralized); scale (predictable or arbitrary). All of these are variations on the theme of deviation and are described in terms that are unlikely to be used by the actual 'participants' in corrupt practices (Johnston, 1986, 2005; Karklins, 2005; Tanzi, 1998). In a 2006 World Bank paper, which adopts the Transparency International definition of corruption as 'the misuse of entrusted power for private gain', Stephen Knack (2006) organizes these variations into six dimensions of corruption: (1) level of political system (central government/provincial) – petty or grand corruption; (2) purpose of the improper actions: to influence the content of laws (state capture) or to influence their implementation (administrative corruption); (3) actors involved in the corrupt transaction – firms, households, public officials, etc.; (4) characteristics of the particular set of actors – large/small firms, rich/poor households; (5) administrative agency or service – tax and customs, business licences, health facilities, etc.; (6) incidence or magnitude of bribes and the uncertainty they create for firms and households.

It is important to note that, if those involved in corrupt practices are at all present in such analytical frameworks, more often than not these 'deviants' are not,

conceptually, given a voice. Most anthropologists object to such approaches and take pains *not* to follow the economists' path of evaluating actual practices against abstract models, but have instead sought to describe and analyse the activities actually taking place. The findings of anthropological research on communist and postcommunist states indicate that what, from the normative perspective, appear as instances of corruption are, in fact, new and interesting hybrids of communist and postcommunist forms of exchange that may not add up to 'market democracy' or 'capitalism', but must be understood first and foremost on their own terms (Caldwell, 2004; Grant, 1995; Ledeneva, 1998, 2006; Ries, 1997; Rivkin-Fish, 2005). These bottom-up accounts need to be distinguished from the views of 'revisionists' who highlight the potential benefits of corruption, as well as its 'functionality', driven by a necessity to lubricate an overly rigid political or bureaucratic regime (Girling, 1997). Michael Johnston (1986, p. 460) identifies practices that link people and groups into lasting networks of exchange and shared interest as 'integrative' corrupt exchanges. Depending on perspective, informal networks are associated either with trust based on relationships, mutual obligations and power of informal norms (bottom-up); or trust betrayed by the agents who bend or break formal rules set out by the principal (top-down). The discrepancy between formal rules and informal norms has become an important dimension in neo-institutionalist analyses undertaken since the publication of *Institutions, Institutional Change and Economic Performance* by North (1990) (these include: Helmke & Levitsky, 2004; Krastev, 2004, 2005; Lauth, 2004). Yet empirical research concentrates largely on the measurement of corruption, again on the premise of the normative perspective outlined above.

Assumption Two: Measurement

The second assumption of the corruption paradigm is that corruption can be measured. Even though there is no universal measure of corruption, attempts to quantify its various dimensions and to compare measurements of perception of corruption are omnipresent. Knack divides existing indices according to the characteristics of their respondents and the way in which the assessment has been conducted (see Table 1 in Knack, 2006, p. 49). I shall examine three of his categories of measurement here: representative surveys of service users, expert assessments and composite indexes.

Category One: Representative Surveys of Service Users. This category includes four indices: the Business Environment and Enterprise Performance Survey (BEEPS); the Executive Opinion Survey conducted by the World Economic Forum (WEF); the World Values Survey; and the International Crime Victim Survey. While the first two measurements take their data from professionals working for commercial companies, the latter two are household surveys.

The BEEPS covers up to 26 transitional countries (figure from <http://www.worldbank.org/>) and has been compiled every three years since 1999. It is sponsored by the European Bank of Reconstruction and Development (EBRD) and the World Bank. Its regional focus is on the so-called 'transitional' economies of Eastern Europe and Central Asia, while the analytical element concentrates on the pressure entrepreneurs face to pay bribes as well as the impact of corruption on their

businesses. As the BEEPS surveys include detailed data on the firms, it facilitates company-level as well as country-level analysis.

The WEF's Executive Opinion Survey captures the perceptions of business leaders on corruption. Surveys were carried out in 2002 and 2005 in 79 countries, of which 14 were conducted in Eastern Europe and Central Asia and in 2007 (see <http://www.gcr.weforum.org>). It asks similar questions to the BEEPS, but pays more attention to the respondents' perceptions of corruption rather than their companies' direct experiences. Its results show the average responses for a given country, which enables country-level, but not business-level analysis.

The World Values Survey has been carried out every five years since 1990 and is funded by various scientific foundations.

Household surveys like the World Values Survey and the International Crime Victimization Survey ask individuals and households about their experiences of or attitudes towards corruption. Knack (2006, p. 8) points out that such household surveys are of limited use, as they are only made public with a time delay and suffer from comparability problems.

Indices based on business surveys help us to understand the administrative corruption that occurs between commercial enterprises and public officials. They can be used, for example, to test the hypothesis that increasing civil servants' pay will lead to less bribe-seeking in the process of policy-making, or for assessing the effectiveness of policies. However, they say little about state capture.

Category Two: Expert Assessments. This category includes the data on corruption which features in the *Nations in Transit* reports (NIT) compiled by Freedom House; the International Country Risk Guide (ICRG); the World Bank's Country Policy and Institutional Assessment (CPIA); and the Index published by the Economist Intelligence Unit (EIU). Both the NIT and the ICRG are examples of centralized expert assessments of corruption, which means that while they gather information from a variety of sources, only a small number of people influence the final ranking. While the NIT focuses on the impact corruption has on businesses, the ICRG pays more attention to the frequency of corrupt transactions. Both indices provide only one measure for corruption, which does not allow for discrimination between types of corruption. The NIT is in open access and publicizes more information about its sources, assessment criteria and surveying methodology than does the ICRG. The PRS Group offers paid subscription to the ICRG and targets an audience of multinational investors. Sources of funding result in different biases. While the NIT is more politically oriented, the ICRG takes its subscribers' interests into account and is therefore likely to reflect the conditions faced by foreign investors rather than domestic companies. The latter also applies to the EIU indicators that are tuned more to investment purposes, producing risk assessment for overseas investors, which may differ from risks faced by domestic entrepreneurs (Knack, 2006).

Biases are intrinsic to expert assessments. The CPIA ratings determine the financial allocations of the International Development Association to the World Bank's lower-income countries, therefore it is argued that there may exist some incentive for the country teams to propose higher ratings, i.e. less 'corrupt', for their regions. Bias can be reduced, however, by combining the opinions of

observers/experts with the views of those professionals directly experiencing corruption. Like the NIT and the ICRG, the CPIA measures the different features of corruption in one broad rating. By combining observers' and participants' perspectives in assessing corruption, and by reducing measurement errors in specific surveys, the creation of composite indices, our next category, led to a reduction in individual or group biases.

Category Three: Composite Indices. The best-known example in this category is the Corruption Perception Index (CPI).³ This measures the degree to which corruption is perceived to exist among a country's public officials and politicians. It is a composite index, drawing on 17 surveys from 13 independent institutions, which has gathered the opinions of businesspeople and country analysts. Because they combine information from various sources, these indices can include a larger number of countries than those in each particular set of data.

In Table 1, I sample the indices for the postcommunist countries. The ratings in columns 2 to 4 include the NIT corruption index, the Transparency International CPI and the World Bank Good Governance indicator for control of corruption on their original scales. I have adjusted the scales to make indices comparable in columns 5 to 7. Thus, the NIT scale is 1 to 7 (with 1 being the best grade), and the World Bank Good Governance indicators (scaled from -2.5 to +2.5) have been weighed to correspond to the 1 to 10 scale (with 10 being the best grade), to match the scale of the TI CPI index. The three adjusted indices are easy to compare and the calculated average of the three indices provides an aggregate indicator for each country on the scale from 1 to 10 (with 10 being the best). The countries are presented in descending order of the aggregate indicator (column 8) which does not change dramatically from the order of countries according to individual composite indices and the resultant groups of countries can be clearly defined: new members of the European Union are in the lead (with an exception of Romania), followed by those aspiring to EU membership, and the CIS countries, including Russia, at the bottom (see Table 1). The so-called 'pull factor' of the European Union is not the only factor, but it is certainly an influential one in accounting for the difference.

Composite indices are considered beneficial because the combination of several sources is more likely to capture the different forms of corruption and therefore paint a more comprehensive picture of this complex phenomenon. By combining several measures, these composite indices also reduce the margin of error, which is a great advantage, given the secretive nature of corruption and the associated difficulty in identifying accurate and reliable sources for its measurement. However, this also makes indices interdependent. The CPI weighs all its contributing indices, which include the WEF, EIU, IMD and the WMRC indices, equally. The World Bank Institute's (WBI) Control of Corruption Index weighs its different sources according to their importance and includes some extra data like that provided by the ICRG, for example. The Control of Corruption Index was created to improve on the CPI by providing a corruption ranking for every country for which at least one source of data was available, and by calculating its margin of error more precisely. It also strives to weigh its sources objectively by attaching more importance to indices that correlate to one another.

Nevertheless, despite these efforts, there are many faults in all these indices that undermine both the validity and relevance of the measurements. Knack (2006) warns

Table 1. Indices for measuring corruption, its perception and control in postcommunist countries

	NIT 2008	CPI 2008	WB GG 2007	NIT 2008 chg	TI's CPI 2008	WB GG chg	Average
Slovenia	2.25	6.70	0.90	8.21	6.70	6.80	7.24
Estonia	2.50	6.60	0.94	7.86	6.60	6.88	7.11
Hungary	3.00	5.10	0.44	7.14	5.10	5.88	6.04
Latvia	3.00	5.00	0.31	7.14	5.00	5.62	5.92
Czech Republic	3.25	5.20	0.26	6.79	5.20	5.52	5.84
Slovakia	3.25	5.00	0.28	6.79	5.00	5.56	5.78
Poland	3.00	4.60	0.14	7.14	4.60	5.28	5.67
Bulgaria	3.50	4.60	-0.22	6.43	4.60	4.56	5.20
Lithuania	3.75	3.60	0.17	6.07	3.60	5.34	5.00
Croatia	4.50	4.40	0.01	5.00	4.40	5.02	4.81
Romania	4.00	3.80	-0.19	5.71	3.80	4.62	4.71
Macedonia	4.50	3.60	-0.28	5.00	3.60	4.44	4.35
Bosnia & Herzegovina	4.25	3.20	-0.43	5.36	3.20	4.14	4.23
Serbia	4.50	3.40	-0.41	5.00	3.40	4.18	4.19
Georgia	5.00	3.90	-0.38	4.29	3.90	4.24	4.14
Albania	5.00	3.40	-0.57	4.29	3.40	3.86	3.85
Armenia	5.75	2.90	-0.68	3.21	2.90	3.64	3.25
Moldova	6.00	2.90	-0.68	2.86	2.90	3.64	3.13
Ukraine	5.75	2.50	-0.73	3.21	2.50	3.54	3.08
Russia	6.00	2.10	-0.92	2.86	2.10	3.16	2.71
Tajikistan	6.25	2.00	-0.86	2.50	2.00	3.28	2.59
Belarus	6.25	2.00	-0.88	2.50	2.00	3.24	2.58
Kazakhstan	6.50	2.20	-0.91	2.14	2.20	3.18	2.51
Azerbaijan	6.25	1.90	-1.04	2.50	1.90	2.92	2.44
Kyrgyzstan	6.25	1.80	-1.08	2.50	1.80	2.84	2.38
Uzbekistan	6.50	1.80	-0.95	2.14	1.80	3.10	2.35
Turkmenistan	6.75	1.80	-1.18	1.79	1.80	2.64	2.08

that this problem is exacerbated further by the fact that these measurements were designed to create an awareness of the problem of corruption, yet they have subsequently been used for policy-making without the requisite re-evaluation needed for this new role.

Assumption Three: Policy-Making

Related to the idea of the core importance of measurement is the third assumption – the belief that the measurement of corruption, considered amongst other governance indicators,⁴ can be translated into policy. In fact, policy formation can be viewed in stages: the measurements produce stimuli and inform policies internationally; national political leadership is thus persuaded to implement policies; and institutional frameworks (the rules of the game) are reformed by these policies. It is the explicit expectation of the paradigm that compliance with recommended policies will result in an improved record for these countries in the existing ranks, indices and indicators.

Examples of governmental reforms informed by corruption indices, or, similarly, stimulated by the desire to reduce perceived corruption as a result of increasingly high-profile indices, include those outlined by Rose-Ackerman (1999) and Kaufmann

(1997). Kaufmann's observations include an embrace, through policy changes, of more far-reaching liberalization; macroeconomic deregulation; tax, government and budget reform; institutional reform; legal reform; and an improved pay system (including adequate salary incentives and enforceable penalties for malfeasance), integrated into processes of civil service reform. Rose-Ackerman's suggestions on ways to reduce the incentives and increase the penalties for corrupt behaviour include: privatization; reform of public programmes; administrative reform; implementation of anti-corruption laws and procurement systems. Some of these have certainly worked, as in the case of the Czech Republic and other leaders in the postcommunist transformations, but not in the case of the majority of the CIS countries.

One of the problems associated with the policy reform that has come about as a result of observing corruption measurement indices is related to the fact that measurement is undertaken by international organizations. Consequently, policies are devised (or at least strongly influenced) at the supranational level, without giving specific attention to the background and culture of the societies that implement these policies (Stiglitz, 2002). The assumption is that political will suffices to launch the process. The pressure of international organizations on governments to pursue an anti-corruption course is viewed as part and parcel of globalization, which is associated with prescribed norms of good governance and policies imported into a country in exchange for closer integration into the world community.

During the 1990s there was a shift in international official terminology from the 'fight against corruption' to the discourse of 'good governance'. This signified an important development in policy formation: corruption, once viewed as a disease to be treated, was increasingly being diagnosed as one of the symptoms of a struggling system of governance whose problems need to be addressed by a wider set of measures. International organizations and NGOs not only became interested in understanding both the formal and informal aspects of the institutional frameworks whose consequences for policies and procedures were capable of addressing their defects, but were also prompted to search for positive incentives for tackling the issues generated by corruption. Effective policy-making should reduce the dependence of the system of governance on non-transparent practices and create incentives and initiatives on the ground as well as reforms from above, such as responsible leadership and the political will to tackle corruption. Similarly, in academia, a noticeable turn from corruption to the themes of honesty, integrity and trust has recently taken place.⁵ Such a shift is necessary, but not sufficient in itself since governments also need motives and incentives to adopt the designated policies.

Before discussing the issues of policy and policy implementation, one must question the hegemony of the currently prevailing global 'corruption paradigm'. Is this paradigm, as defined by the three assumptions outlined above and implemented by global institutions and supported by global resources, an artefact of neo-liberal reforms informed by tenets of the 'Washington consensus' and 'market fundamentalism'? Are we therefore at risk of succumbing to a biased view of corruption if we subscribe to the currently prevailing global 'corruption paradigm'? In theory, corruption feeds on power, and monopoly disguises corruption (Bliss & Di Tella, 1997). Just as monopoly disguises corruption in industry or trade, the hegemonic

view of corruption spread among all major players in the field of corruption studies and policy-making creates monopolistic tendencies.

The following questions about the 'corruption paradigm' occur in this context: 1) Are these assumptions relevant for postcommunist countries?; 2) Should these assumptions be adjusted to accommodate the postcommunist developments?; 3) Should other adjustments be undertaken to include perspectives on and experiences of African, Asian, Middle Eastern and Latin American countries?; 4) Could regional perspectives enrich rather than undermine the efforts of the global institutions? To answer these questions, I undertake a critical discussion of the assumptions of the prevalent corruption paradigm and interpret the impact of postcommunist experience on the prevalent paradigm. I argue that the widely used definition of corruption as the 'misuse of public office for private gain' is not as culturally or historically neutral as is commonly assumed, especially in Europe's postcommunist states. Some of the existing measurements of corruption in these states are therefore problematic. Consequently, policies based on these measurements are not as successful as expected. Let me consider these points in more detail.

Problems of Definition

As previously mentioned, corruption is a fairly recent concept and can only be defined as 'misuse of public office for private gain' in a modern context – a context of well-defined bureaucratic order with clear distinctions between public and private and a contractual basis to the relationship between the principal/state and its agents/bureaucrats, where bureaucrats are paid to follow instructions. Yet such a de-historicized notion of corruption is unusable in postcommunist societies. When Weber set out an 'ideal type' of bureaucracy, he associated it with a hierarchical division of labour, directed by explicit rules that are impersonally applied; staffed by full-time, lifetime professionals who do not in any sense own the 'means of administration' or their jobs or the sources of their funds, and live off a salary rather than from income derived directly from the performance of their job. These are all features found in the public service, in the offices of private firms, in universities, and so on. Weber contrasted the bureaucracy to 'prebends' or 'benefices', meaning an 'office' with some income-yielding property, e.g. a farm or tax-gathering rights on which the office holder lives. The notion of corruption made little sense in patrimonial systems where jobs were given away in order to 'feed' their holders. The 'prebend' officially 'owns' his job and expects tribute for performing it, as opposed to a modern bureaucrat who is paid a salary for following the official rules reliably and is not allowed to charge fees for himself or to accept gifts (as this constitutes the 'misuse of public office for private gain').⁶ Not all postcommunist countries meet the modernity standard set by Weber. The lack of a clear and fundamental division between public and private in postcommunist countries generates forms of expediency and rationality that are not conducive to modernity and present an obstacle to the rationality of the 'rule of law'.

In her effort to integrate the blurred nature of the public/private distinction into an analytical framework, Alina Mungiu-Pippidi (2006) distinguishes between socio-political systems based on universalism and those based on particularism. A universalist state is defined as one in which power is relatively evenly distributed

between its different constituent groups, where there is a clear distinction between the public and the private, and correspondingly, social acceptance of corruption is very low. In a particularistic state, however, power is concentrated in the hands of a numerically small elite, the distinction between public and private is blurred and those in power consider it normal to use their positions for economic and private gain. Consequently, engagement in corrupt practices becomes widely accepted and develops into an informal norm.

Federico Varese (2000, pp. 99–100) observes that in countries with pervasive corruption, where corruption is a norm, the notion of corruption as deviation becomes meaningless: anti-corruption campaigns are used manipulatively and perceived with suspicion, and the overall perception of corruption is likely to be distorted. In such a climate any anti-corruption programme is hard to implement. Mungiu-Pippidi (2006) observes that since the communist regimes were dismantled in Central and Eastern Europe, they have attempted to make the transition from a particularistic system to a universalistic one, but have so far only reached a stage which she calls ‘competitive particularism’. She argues that at this point countries are hybrids between the two abovementioned poles, with the distinction between public and private remaining blurred. At the same time, society’s record of corruption does not improve, while the decreased public acceptance of corruption results in increased dissatisfaction with the system and democratization.⁷ Kornai’s (2006) analysis of disappointment amongst postcommunist populations, even in successful transitional societies, illustrates not only a shifting frame of reference – new members of the European Union compare themselves to old members rather than Russia or other former Soviet countries – but also points to a continuation of people being dissociated from the ‘system’, to the distrust of public institutions, and correspondingly to the low rates of participation in civil society. Given that no society operates without trust, these forms of disappointment and distrust of ‘officialdom’ highlight the alternative forms of trust, associated with the use of informal networks and the spread of informal practices, that continue to operate or emerge in order to create and redistribute wealth within the European Union and globally as well as to serve the so-called remittance economies.

A more sociological, or indeed managerial, approach to determining the gap between universalist or particularist patterns of interaction in different parts of the world was undertaken by Fons Trompenaars and Charles Hampden-Turner (1998), in their study of business managers in 35 countries. They define cultural patterns of how people relate to each other on the basis of Talcott Parsons’ value orientations: universalism versus particularism (rules versus relationships); communitarianism versus individualism (the group versus the individual); neutral versus emotional (the range of feelings expressed); diffuseness versus specificity (the range of involvement); achievement versus ascription (how status is accorded) (Trompenaars & Hampden-Turner, 1998). The authors suggest that universalist cultures give preference to universally applied rules implying equality in the sense that all persons falling under the rule should be treated the same. These are rule-based cultures which have a tendency to resist exceptions that might weaken the rule. Particularist cultures favour the exceptional nature of present circumstances. Its members think: ‘this person is not “a citizen”, but my friend, brother, husband, child or person of unique importance to me ... I must therefore sustain, protect or discount this person *no*

matter what the rules say' (Trompenaars & Hampden-Turner, 1998, p. 31, emphasis in original). Essentially managers from both types of society tend to think of each other as corrupt. 'A universalist will say of particularists, "they cannot be trusted because they will always help their friends"', while a particularist, conversely, will say of universalists, "you cannot trust them; they would not even help a friend"' (Trompenaars & Hampden-Turner, 1998, p. 32).⁸

North Americans and most north Europeans emerge as almost totally universalist in their choice between rule- and relationship-based strategies (Switzerland 97%; USA and Canada 93%). The proportion falls to under 75% for France (73%) and Japan (68%), while in Russia (44%) and China (47%) more than half of respondents would lie to the police to protect their friend. Interestingly, the Central European countries such as Hungary (85%), the Czech Republic (83%), Poland (73%) are very close to the north European universalist type, which somewhat undermines Mungiu-Pippidi's (2006) earlier generalization about Central and East Europe as particularist.

Problems with Measurement

Problems of measurement are generically divided into problems of validity (what we measure) and problems of relevance (how we measure). They are related, yet they are very different problems. Many of us accept that we do not measure the actual volume of corruption *per se*; all we can achieve are some quantifiable indicators of some people's perceptions of corruption and policies implemented in order to curb it. Even if we leave the social construction of 'perception' outside this discussion, the assumption that a complex and multi-faceted phenomenon could be assessed in one figure by averaging different estimates of different peoples' perceptions of different types of corruption should indeed be questioned. Firstly, the phenomenon of corruption is often too complex an issue to be represented as one single figure. While a numerical value can be useful in some contexts, it is important to explain what it refers to, i.e. whether it is indicating how often bribe-seeking occurs or how large the actual bribes are, or both. The NIT, CPIA and ICRG simply publish one number for all aspects, which is a very broad indication of corruption in a given country. Even more importantly, the corrupt practices included in the index are not unrelated. Indeed, qualitative research findings indicate that some people's corrupt practices are not only justified by 'others doing the same' but even legitimized by them. For example, it is common for respondents in postcommunist countries to distrust public institutions and to cite corruption in the top echelons of society thus legitimating their own engagement in petty corruption. Although it is tempting to follow this logic and conclude that corruption at the top breeds corruption at the bottom because the two go hand-in-hand, it is important to notice the contradictory nature of these practices. People's engagement in informal practices could in fact be a response to corruption at the top, a compensatory practice driven by circumstances that can only be understood in context. Arguably, the grassroots forms of corruption are not only the outcome of the misuse of the public office for private use but also an expression of 'entitlement' associated with social justice, sharing, and compensation for poverty or deprivation. I view 'informal practices' as not only the forms of compliance and complicity with the 'corrupt system' but also as forms of everyday resistance to ineffective governance and as reactions to 'corrupt practices' at the top.

Such practices contribute to the spread of corruption but also represent a form of mobilization against corruption, which presents a problem both in terms of perception and its measurement. Even if composite indexes are disaggregated, we do not have empirical ways of relating to the contradictory nature of corrupt practices that have a crucial bearing on 'what we measure'.

In my analysis of the second group of problems – how we measure – I draw heavily on the important work of the World Bank economist, Stephen Knack, who criticized the existing indices and assessed their comparability.⁹ The first of these problems is associated with the transparency of the methodology that is essential for interpreting the available indices. This means that the agencies involved in compiling the indices should clarify exactly how they define corruption, what their methodology is, which sources they have consulted, what their assessment criteria are and how much weight they give to each index. The CPIA, for example, does not publish all its rankings nor does it publicly justify why it ranked certain countries the way it did. The CPIA as well as the NIT, the ICRG and the EIU are not transparent about what their assessment criteria are, nor do they indicate how much weight they give to the different aspects of corruption when calculating their indices. This issue is exacerbated in the composite indices as they combine the results of several surveys, which either increases the lack of transparency or dilutes their precision.

Secondly, the sources used in the compilation of the indices are not always totally independent of each other. Knack mentions that the respondents in expert surveys might consult publicly available information about corruption before logging their own answers in order to provide 'better' responses. Previous studies therefore have an impact on their answers, which reduces their neutrality. The CPIA even adjusts its final ratings to be more in line with other indices and the WBI weights its component sources according to their agreement with others. This is based on the assumption that if one source differs substantially from the majority of others it is inaccurate. As Knack points out, this assumption is made on the basis that the majority of indices are independent of each other, which they are not. To support his point, he highlights the probability that the EIU is based on the WEF and that the ICRG seems correlated to TI. What complicates this problem even further is that it is impossible to determine the precise extent to which the different sources are interdependent. Therefore, the WBI weighting of its constituent sources could be inadvertently distorted by this interdependence and more weight than intended could be given to one source as its correlation to another is unclear.

Thirdly, it is sometimes difficult to compare even the same index for one country over time or for different countries in the same year. This is due to the fact that the compilation methodologies change after a few years and that it is not always feasible to use qualitatively similar sources in all countries. The CPIA's criteria, for instance, are revised after a number of years and the TI's components also change with time. Knack (2006) believes that as the TI did not keep the 2004 sources for any of the ECA countries it evaluated in 2005 and that any changes in the CPI might be due to this. He also highlights that the WBI used 23 different combinations of sources for the ECA countries in 2004, but that the same combination was not used for even three countries in this region. As he associates this inconsistency with differences in the final index he argues that this reduces the possibility of comparison between countries. While Knack (2006) generally welcomes the addition of new countries to

an index, he also indicates that this can cause problems, especially for institutions that only publish a ranking of countries according to the prevalence of corruption in them without revealing the actual corruption score. By adding new countries, the index gets bigger and a country's rank might deteriorate although its corruption has not worsened. As an example, Knack (2006) mentions that when the CPI started to include Luxembourg and Iceland in the late 1990s the rank for most countries went down as Luxembourg and Iceland fared rather well on the corruption scale. The interpreters of this data need to take this addition into account when making judgements based on this index.

The Norwegian researcher Tina Søreide (2006a) criticizes the CPI index further by stating that the rankings are not correlated with the level of corruption. She questions the meaning of the ranks and scores and points out that these create misleading impressions of precision.

What does it mean that China is ranked number 71 with a score of 3.4, while the UK is ranked number 11 with a score of 8.6? The lack of a standardized approach to estimating the level of corruption makes it difficult to know whether the rankings reflect the number of transactions affected by corruption, legal or illegal activities, the level of bribes or the cost to society. (Soreide, 2006a, p. 3)

Although the TI publishes the margins of error, these 'error bands' are usually in an order of magnitude higher than the precision in the ranking. Søreide (2006) illustrates this point by taking the case of Malta, with the score of 6.8 on position 25 in the CPI of 2004 that has an uncertainty band of 5.3 to 8.2; and could therefore be less corrupt than Canada on position 12 or more corrupt than Suriname on position 49. But since these uncertainty bands are rarely communicated to the audience by the press, the current presentation with decimal accuracy is misleading to many readers. She recommends reformatting presentation of the TI CPI in a group form where countries are listed alphabetically and not tied to a specific number. In this form, however, the index loses its political influence and policy use, whereby countries are encouraged to climb up the ranking order and watch out for their neighbours and competitors doing the same. It might also be the case that in this format the position of each country becomes less visible and more difficult to change, thus destroying the intrigue of the annual release of the index. Some such critique has already been addressed methodologically (for example in Galtung, 2005) and practically in the form of complementary qualitative reports supplied by Freedom House and Transparency International.

Problems with Policy-Making

While some authors argue against political and social uses of corruption indices (Galtung, 2005) for most of the scholarly and policy-making communities, the so-called 'no predisposition' outlook has become the foundation of the 'can-do' approach to anti-corruption policy-making. The view that some cultures are more predisposed to corruption than others and that some countries are historically locked into dependence on corrupt practices is 'politically incorrect' and the shift in academic argument reflects this. Thomas Carothers (2002) questions the 'can-do'

approach in his critique of the ‘any country can become a democracy’ attitude. He argues that a country’s background – economic level, political history, institutional legacies, ethnic make-up, socio-cultural traditions, and other ‘structural’ features – constitute important factors in the success of democratization. Such structural features were analysed by Daniel Treisman (2000), who endeavors to explain why corruption is perceived to be more widespread in some countries than in others in relation to particular historical and cultural traditions, levels of economic development, political institutions and government policies. He finds that index-based evidence supports the following conclusions: countries with Protestant traditions, histories of British rule, more developed economies, and (probably) higher imports were less ‘corrupt’; federal states were more ‘corrupt’; long exposure to democracy predicted lower corruption, while the current degree of democracy was not significant. Perception of corruption is assumed to be correlated to corruption here as well.

Which options are open to those countries that score low on all of those criteria? In her effort to explain why anti-corruption reforms fail in the postcommunist environment, Mungiu-Pippidi (2006) suggests that in order to determine the development stage of a country and to design the anti-corruption campaign accordingly, the following questions must be answered: 1) Are the power holders clearly identifiable and do they give government contracts and access to the media mainly to themselves and their relatives?; 2) Do the same groups of society always lose out on lucrative opportunities associated with the state and to what extent are these groups organized?; 3) What are bribes given for and what are the benefits for the bribe takers?

Dissemination of universalist norms is one of the key policies that Mungiu-Pippidi suggests need to be implemented in order to reduce bribe taking and to make semi-particularist countries more universalist and democratic, but it can only be achieved by displacing or replacing the particularist norms. This means the policy must be informed on these norms, designed with local expertise, and implemented with cooperation at the grassroots level. Rather than assuming as given, particular incentives that could motivate this particular society to become clean(er) must be identified (Nield, 2002); particular actors (movements) are to be made responsible for the success in overcoming corruption (Mungiu-Pippidi, 2006); and powers to implement these policies delegated to them (Schmidt, 2007).

Conclusion

In conclusion, one should move on from the critique of the assumptions of the corruption paradigm to the ways in which the postcommunist experience could contribute to the paradigm shift.¹⁰ From an historical perspective, efforts to assess the progress of anti-corruption measures in the postcommunist countries are premature, considering how long it took mature democracies to clean up their governance – a process that itself is far from completion. Good governance is not an achievable goal, but an uneven process that the so-called ‘transitional countries’ launched together with their democratization projects. As Carothers (2002) shows in the analysis of the grey zone of democratization, the political situation in the ‘transitional countries’ varies noticeably. According to the 2007 World Bank governance indicators, Slovenia and Estonia have been more successful in their

anti-corruption campaigns and score higher than many advanced capitalist countries. In other postcommunist countries, initial political openings have clearly failed and authoritarian regimes have re-emerged, most unambiguously in Uzbekistan, Turkmenistan and Belarus.

Given that there might not be a uniform message coming from the postcommunist countries, it is essential to conceptualize local and regional practices at the grassroots level and integrate them into the global frame of reference. Karklins (2005, p. 25; see the typology) has identified the 'system made me do it' effect in her recent account of postcommunist corruption but has included it to stand alongside other types of corruption. Understanding informal practices as responses to the 'injustice' and 'unfairness' of the system is essential for reassessing correlation between corrupt practices at the grassroots and those at the top. Petty corruption, or the 'system made me do it' behaviour, should be given special attention in measurements and comparisons as forms of behaviour that are most widespread and local in nature. The term 'petty' is misleading, as the change in attitudes to corruption at the grassroots level is the key to every anti-corruption reform. Grassroots practices should be understood in their own terms. They are often a response to oppressive regulations and a form of collective whistleblowing – indicators of administrative corruption, rather than part of it. The significance of local framing should be emphasized: it may be different from the 'corruption paradigm'. Thus, in certain contexts, anti-corruption campaigns should be treated with suspicion, and informal practices should be viewed as driven by belief in their legitimacy and as having an equalizing effect on societies. In theoretical terms, the corruption paradigm that emerged in the 1990s has to be disaggregated in order to accommodate the new or altered informal practices which have developed since the end of communist rule. In empirical terms, such a disaggregation will take care of the fundamental mismatch between the corruption paradigm and the local experience crucial for building effective anti-corruption policies in the future.

Acknowledgements

The article is the outcome of many years of teaching a Governance and Corruption course at the University College London. I am grateful to my students for challenging me on these subjects, to Eugene Nivorozhkin for helping with re-scaling indices in Table 1, to Robert Bideleux and to anonymous referees who have contributed comments on, and criticisms of, this text.

Notes

¹ These agencies have been aided by the emergence of new measuring techniques, which have facilitated an in-depth analysis of corruption. Indeed, the independent Volcker Commission issued a report in 2007 on the anti-corruption investigative unit of the World Bank, also known by its acronym, INT. In its opening pages, the report noted in particular the role of the World Bank Institute (WBI) in the work that has taken place to combat corruption and called for resolute and concrete progress on implementing an ambitious anti-corruption programme around the world. For access to the full Volcker Independent Panel Review: http://siteresources.worldbank.org/NEWS/Resources/Volcker_Report_Sept._12_for_website_FINAL.pdf (accessed October 2007). See also Zoellick (2007).

- ² One reason for this is the role of corruption in undermining economic development and impeding investment.
- ³ The scores range from ten (squeaky clean) to zero (highly corrupt). A score of five is the number Transparency International considers the borderline figure distinguishing countries that do and do not have a serious corruption problem. To access the CPI index go to <http://www.transparency.org/cpi/>.
- ⁴ World Bank governance indicators, now measured annually, include voice and accountability; political stability and lack of violence; government effectiveness; regulatory quality; rule of law; control of corruption.
- ⁵ See the volume edited by Janos Kornai, Susan Rose-Ackerman and Bo Rothstein (2004), which includes contributions from the research project 'Trust and Honesty in Post-Communist Societies', supported by the World Bank and the Bank of Sweden. See also, Geoffrey Hosking's chapter and other chapters in Markova (2004).
- ⁶ Some governments have sold offices to raise money. This was true, for example, of judicial positions in eighteenth century France and of commissions in the army and navy in most European countries in the nineteenth century. As the vested rights of office holders were an obstacle to reorganization and an impediment to efficiency they were bought out or expropriated with compensation.
- ⁷ There is plenty of evidence that anti-corruption campaigns are used manipulatively to prosecute political opposition, to gain advantage over business competitors, to achieve visibility and positive image in the international ratings and to satisfy conditionalities of the funds that can be further embezzled and to pursue other tactic driven goals (Ledeneva, 2003). Such policies do not necessarily enhance the governance pattern but may change position of the countries in the international rankings.
- ⁸ To measure cultures against the criteria of rules versus relationships the authors use a selection of scenarios created by Stouffer and Toby (1951) and survey more than 30 nationalities (see Trompenaars & Hampden-Turner, 1998)
- ⁹ For more critique of measurements of corruption within the World Bank see Shah & Thompson (2005) and Shah & Iqbal (2006, 2007).
- ¹⁰ A discussion of the author's complementary approach, with suggestions of disaggregated measurements, will be published in the volume edited by Jan Kubik and Amy Lynch (forthcoming), as part of the SSRC project on Justice, Hegemony and Social Movements.

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