Chapter 8

A Critique of the Global Corruption "Paradigm"

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The corruption "paradigm" prevalent in both scholarly and policy circles was consolidated in the 1990s. In an IMF Working Paper, Vito Tanzi (1997) distinguished a number of factors that contributed to the salience of corruption and linked them to the breakdown of communism and postcommunist transformations. The factors include the collapse of the centrally planned economies; an increase in the number of democracies with free media; increased contact between countries and individuals due to globalization; the heightened role of international organizations, such as the World Bank, the International Monetary Fund, and the Organization for European Cooperation and Development in national affairs;[1] the growing role of nongovernmental organizations (NGOs), such as Transparency International; and the centrality of corruption in debates concerning privatization and restructuring of the economic institutions in transition countries.[2]

One could further argue that the same factors facilitated the consolidation of the

corruption "paradigm" in the transitional agenda, which occurred through the interaction between domestic reformers and international agencies. Postcommunist countries were expected to adopt policies recommended by international organizations as a condition of integration into the wider global community. They were charged with freeing 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. The corruption "paradigm" predominant in the literature on postcommunism since the mid-1990s is the result of a process through which international organizations specified expectations of governing standards and fostered and assessed their achievement. In order to evaluate the suitability of the corruption paradigm to the postcommunist context, I begin by examining its three core assumptions: (1) corruption can be defined; (2) once defined it can be measured; and (3) measurement can in turn lead to policy that eliminates corrupt practices.

Assumptions of the Corruption Paradigm

Definition

There are a number of problems with defining corruption. Firstly, corruption is an umbrella term for a variety 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, 1–2). The historical and institutional specificity of the designation of particular practices as

"corrupt" makes it difficult to find a simple formula relevant to all of them. The practices that we today designate as "corruption" are not new phenomena. Betrayal of public trust and the tendency to use collective resources to private advantage are evident throughout documented human history and have played a role in both the downfall and development of societies. In a broad characterization, 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).

The concept of corruption that underlies international regulatory standards is of much more recent vintage. It is associated with the transformation from what Weber described as patrimonial power structures, where decisions are made on the basis of people's relationships and traditional forms of authority, to rational-legal systems, where institutionalized rules are the basis of governance. The establishment of a rational legal order and institutionalization of rules are necessary before corruption can be conceptualized as deviation from them. The modernization campaign initiated by Peter the Great in Russia is one example of such a transformation. By undermining and subsequently criminalizing the custom of paying tribute to officials, he transformed an acceptable practice into an illegal act, that is, bribery (Lovell et al., 2000). Similarly, the efforts of postcommunist societies to synchronize their legislative and institutional frameworks with those of advanced market democracies during the 1990s resulted in the specification of common practices as corrupt and the development of sophisticated instruments to eradicate them.

Most contemporary definitions of corruption assume the existence of a rational-legal system of rule that clearly distinguishes public and private realms. Corruption can

thus be understood as "the abuse of public office for private gain" (Tanzi 1997; Kaufman 1997; Rose-Ackerman 1999). Corruption is "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, 460).

Although the wording varies, most formulas of corruption can be understood as a "twist" of something public into something private, as presented in Table 8.1 below.

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These definitions identify corruption as *deviance* from how things should be. It is a move *away* from the public (duties, office, interests) and *toward* the private (gain, profit, benefit). 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 they assume not only that the public and private spheres operate according to distinct sets of rules and norms, but also that it is wrong to mix them. All definitions within this framework assume the involvement of at least three parties 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 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 authorizes the implementation of a set of rules (Klitgaard 1988). Even in the analyses of countries where corruption is pervasive and

such deviant behavior is perceived as the norm (Varese 2000, 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 each of the interchangeable formulas of corruption-as-deviance shown in Table 8.1.

Corruption is often characterized 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. 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); or scale (predictable or arbitrary). All of these are variations on the theme of deviance and are described in terms that are unlikely to be used by "participants" in corrupt practices (Johnston 1986, 2006; Tanzi 1997; Karklins 2005). In a 2006 World Bank paper, which adopts the Transparency International definition of corruption as "the misuse of entrusted power for private gain," economist Stephen Knack (2006, 5) organizes these variations into six dimensions of corruption:

By level of political system (central government, provincial, municipal),

roughly corresponding to the terms "petty" and "grand" corruption;

By purpose of the improper actions: to influence the content of laws and rules

("state capture") or to influence their implementation ("administrative

corruption");

By the actors involved in the corrupt transaction: various combinations of

firms, households, and public officials;

By characteristics of a particular set of actors, for example bribes required for large versus small firms, or for rich versus poor households;

By administrative agency or service: tax and customs, business licenses, inspections, utility connections, courts, or public education and health facilities;

By incidence or magnitude of bribes, or by the uncertainty they create for businesses and households.

It is important to note that those involved in corrupt practices are more often than not conceptually silenced in the analytical frameworks employed to study them. Most anthropologists object to the exclusion of meanings the actors ascribe to their actions and reject the economists' strategy of evaluating practices against an abstract model. Many have sought instead to describe and analyze the activities actually taking place. Some of their findings show that what appear as instances of corruption from the normative perspective 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; Ekiert, Kubik, and Vachudova 2007). These bottom-up accounts are not the same as the views of "revisionists" who point out the possible benefits of corruption, as well as its "functionality" in coping with an overly rigid political or bureaucratic regime (Girling 1997).

Rivkin-Fish, for example, analyzes practices that could be viewed as corruption in the health sector in terms of strategies to personalize "service." Such practices are

specific responses to postcommunist conditions that compensate for defects in health provision. Michael Johnston identifies practices that link people and groups into lasting networks of exchange through shared interests as "integrative" corrupt exchanges (1986, 460). Depending on one's perspective, informal networks are either associated with trust-based relationships, mutual obligations and the power of informal norms (bottom-up), or the betrayal of trust by agents who bend or break the formal rules set out by the principal (top-down). The discrepancy between formal rules and informal norms has become an important dimension in the neoinstitutionalist analyses since North (1990) (Helmke and Levitsky 2006; Lauth 2004; Krastev 2004, 2005). The empirical effort, however, concentrates on measuring corruption against a yardstick provided by the normative perspective outlined above.

Measurement

The idea that corruption can be measured is a core assumption of the corruption paradigm. Even though there is no universal measure of corruption, attempts to quantify its various dimensions and compare diverse measurements are omnipresent. Knack divides existing indices according to the characteristics of their respondents and the way in which the assessment was conducted. I shall examine three of his categories of measurement here: (1) representative surveys of service users; (2) expert assessments; and (3) and composite indices (see table 1 in Knack 2006, 49).

Category 1: 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.

BEEPS covers twenty-five countries[3] 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 "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. BEEPS facilitates company-level as well as country-level analysis because it includes detailed data on the firms it surveys. (In 2002, the survey included sixty-one hundred firms in more than thirty countries.) The WEF's Executive Opinion Survey captures the perceptions of business leaders on corruption. Surveys were carried out in 2002, 2005, and 2007 in 80, 104, and 125 countries, respectively, including 14 in Eastern Europe and Central Asia.[4] It asks questions similar to the BEEPS, but pays more attention to the respondents' perceptions of corruption than to their companies' direct experiences. The Executive Opinion Survey shows 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 (for origins, see Inglehart 1977). Household surveys like the World Values Survey and the International Crime Victimisation Survey ask individuals and households about their experiences with or attitudes toward corruption. Knack 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 (Knack 2006, 8).

Indices based on business surveys help us understand the administrative corruption that occurs between commercial enterprises and public officials, but they say little about state capture. They might 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 to assess the effectiveness of policies.

Category 2: Expert Assessments

This category includes the data on corruption featured 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. 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 of corruption 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 various types of corruption. The NIT is freely available and publicizes more information about its sources, assessment criteria, and surveying methodology than the ICRG. The PRS Group offers paid subscription to the ICRG and targets an audience of multinational investors. The sources of funding behind the various corruption-assessment agencies 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 those with which domestic companies contend. The EIU indicators are similarly problematic. Their purpose is to produce risk assessment for overseas investors. The factors that contribute to the security of foreign investment may be quite different from risks faced by domestic entrepreneurs. Thus the picture of corruption created by these indicators might accord little with the actual practices within a particular country.

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. Some observers allege that the country teams might thus have incentive to propose higher ratings, that is, less "corrupt," for their regions. Bias can be reduced, however, by combining the opinions of observers/experts with the views of professionals directly experiencing corruption. Like the NIT and the ICRG, the CPIA measures the different features of corruption in one broad rating. These composite indices, our next category, reduced measurement bias by synthesizing observers' and participants' perspectives in assessing corruption and by reducing measurement errors in specific surveys.

Category 3: Composite Indices

The best-known example in this category is the Corruption Perception Index (CPI)[5] that measures the degree to which corruption is perceived to exist by a country's public officials and politicians. It is a composite index, drawing on seventeen surveys from thirteen independent institutions, which gathered the opinions of businesspeople and

country analysts. Because they combine information from various data, these indices can include a larger number of countries than were in every particular data set.

In Table 8.2, I illustrate the indices for the postcommunist countries. The ratings in columns 2 to 4 include the Nations in Transition (NIT) corruption index, the Transparency International corruption perception index (CPI), and the World Bank Good Governance indicator for control of corruption on their original scales. I adjusted the scales to make the indices comparable in columns 5 to 7. Thus, the NIT scale (which is 1 to 7, with 1 being the best grade) and the World Bank Good Governance indicators (which is scaled from -2.5 to +2.5) have been weighted to correspond to the 1 to 10 scale (with 10 being the best grade) used by 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 a scale from 1 to 10 (with 10 being the best). The countries are presented in descending order of the aggregate indicator (column 8). The ranking of countries on the basis of the aggregate scale is not dramatically different from the ordering of countries produced by the 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. The so-called pull factor of the European Union is not the only factor but certainly an influential one in accounting for the difference.

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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—the WEF, EIU, IMD, and the WMRC indices—equally. The World Bank Institute's Control of Corruption Index weighs its different sources according to their importance and includes some extra data such as that provided by the ICRG. The WBI's 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. Despite these efforts, there are many faults in all these indices that undermine both the validity and relevance of the measurements. Knack warns that this problem is exacerbated further because these measurements were designed to create an awareness of the problem of corruption yet are subsequently being used for policy making without the requisite reevaluation that make them appropriate for this new role.

Policy Making

Related to the idea of the core importance of measurement is the third assumption of the corruption paradigm—the belief that the measurement of corruption, considered amongst other governance indicators,[6] can be translated into policy. The relationship between measurement and 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 the institutional frameworks (the rules of the game) are reformed by these policies. The paradigm explicitly expects compliance with recommended policies to result in an improved record for these countries in the existing ranks, indices, and indicators of corruption.

Rose-Ackerman (1999) and Kaufman (1997) outline governmental reforms that were driven by corruption indices, or were stimulated by the desire to reduce perceived corruption as a result of the increasingly high profile of such indices. Kaufman's observations include the embrace through policy changes of fuller liberalization; macroeconomic deregulation; tax, government, and budget reform; institutional reform; legal reform; and civil service reform including an improved pay system with adequate salary incentives and enforceable penalties for malfeasance. Rose-Ackerman's suggestions to reduce incentives and increase costs for corrupt behavior include elimination of anticorruption programs; privatization; reform of public programs; administrative reform; implementation of anticorruption laws and procurement systems. Some of these have certainly worked. The Czech Republic and other leaders in the postcommunist transformation are examples of their effectiveness, but they have not produced favorable results in the majority of the CIS countries.

One of the problems associated with policy reform driven by corruption measurement indices is the lack of customization of policy to context. Because the corruption measurement is undertaken by international organizations, the policies are devised (or at least strongly influenced) at the supranational level without specific attention to the country's background and the culture of the society that will implement

the policies (Stiglitz 2002). The policies further assume (perhaps erroneously) sufficient political will to at least initiate the process of reform in countries with systemic corruption. NGOs and international lending organizations consider pressure to target and eliminate corruption part and parcel of globalization with its prescribed norms of good governance. Countries are obliged to implement anticorruption programs in exchange for closer integration into the world community.

Since the late 1990s, a shift in terminology from the "fight against corruption" to the discourse of "good governance" signifies an important trend in policy formation. Where corruption was once viewed as a disease to be treated, it is now increasingly diagnosed as one symptom of a struggling system of governance whose problems need to be addressed by a wider set of measures. Consequently, international organizations and NGOs have become more interested in understanding the cultural factors that facilitate or impede institutional reform. They have also begun 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 nontransparent practices. It must also complement reform from above with incentives and initiatives on the ground that foster responsible leadership and generate the political will to tackle corruption. Similarly, in academia scholars have recently shifted their emphasis from corruption to themes of honesty, integrity, and trust.[7] While this shift in orientation to policy design is necessary, it is not sufficient, as governments also need concrete incentives to adopt the policies.

Before discussing policy and policy implementation, we must consider the hegemonic status of the existing paradigm. The corruption paradigm was founded on the three assumptions outlined above, implemented by global institutions, and supported by

global resources. Is it thus an artifact of neoliberal reforms and informed by tenets of the Washington consensus and market fundamentalism? Are we at risk of a biased view of corruption if we subscribe to the global corruption paradigm? In theory, corruption dwells on power and is obscured by monopoly (Bliss and Di Tella 1997). Just as monopoly disguises corruption in industry or trade, the hegemonic view of corruption shared by all of the major players in corruption studies and policy making creates monopolistic tendencies that obscure important dimensions of the studied phenomenon. The following questions about the paradigm occur in this context: (1) Are the assumptions that inform the corruption paradigm relevant for postcommunist countries? (2) Should these assumptions be adjusted to accommodate postcommunist developments? (3) Are other adjustments necessary to include the perspectives and experiences of African, Asian, Middle Eastern, and Latin American countries; and (4) Might a regional perspective enrich rather than undermine the efforts of global institutions?

In the next part, I undertake a critical examination of the assumptions of the prevalent corruption paradigm in general and then consider how the postcommunist experience modifies or reinforces the paradigm. In the their part I offer a complementary perspective that enables a more precise conceptualization of postcommunist corruption.

[1]Beyond the Corruption Paradigm

The following critique of these assumptions focuses on three problems: the cultural and historical neutrality of the corruption definition (assumption 1); measurement validity (assumption 2); and the implications of these factors for policy making (assumption 3).

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Problems with the Definition

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. It assumes clear distinctions between public and private domains and a contractual basis to the relationship between the principal/state and its agents/ bureaucrats, where bureaucrats are paid to follow procedures.

Yet such a de-historicized notion of corruption is unusable in postcommunist societies. Weber's definition of bureaucracy as an "ideal type" includes a hierarchical division of labor; direction by an explicit, impersonally applied set of rules; administration by full-time, career professionals who do not in any sense own the "means of administration" or their jobs or the sources of their funds. The civil servants who run the bureaucracy are further assumed to live off of a salary rather than from income derived directly from the performance of their jobs. In a fully rationalized society, these features would be found in the public service, in the offices of private firms, in universities, and so on.

Weber contrasted bureaucracy with "prebends" or "benefices," meaning an "office" with some income-yielding property, for example, a farm or tax-gathering rights from which the officeholder lives. The notion of corruption that prevails in a "modern" rational-legal bureaucratic system governed by norms of universality and a strong distinction between private inequality and public advantage would make little sense in a patrimonial system where jobs were given away in order to "feed" their holders. The "prebend" officially "owns" his job and expects tribute for performing it. The modern bureaucrat, by contrast, is paid a salary for reliably following official rules and is not

allowed to charge fees for himself or accept gifts. The behavior that sustains a patrimonial system constitutes the "misuse of public office for private gain" in a bureaucracy.[8] Not all postcommunist countries meet the standard of modernity set by Weber. The lack of a 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." This tendency is more noticeable the longer the period of communist rule.

In her effort to integrate the hazy distinction between the public and private in postcommunist societies into an analytical framework, Alina Pippidi (2006) distinguishes between sociopolitical systems based on universalism and those based on particularism. She characterizes a universalist state as one in which power is relatively evenly distributed between its different constituent groups. There is a clear distinction between the public and the private; correspondingly, social acceptance of corruption is very low. Incidences of corruption are therefore the exception rather than the rule. If corruption does occur, there are procedures and institutions in place that offset its effects and punish those involved. 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 is widely accepted and develops into an informal norm.

Federico Varese observes that in countries with pervasive corruption—where corruption is the norm—the very notion of corruption itself becomes meaningless. Anticorruption campaigns are used manipulatively and perceived with suspicion, and the

overall perception of corruption is likely to be distorted (Varese 2000, 99–100). In such a climate any anticorruption program is hard to implement. Pippidi 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 that she calls "competitive particularism." She argues that at this point most countries are hybrids, combining the elements of the two "ideal types," while the distinction between public and private remains blurred. The level of corruption within the societies does not improve, while decreased public acceptance of corruption heightens dissatisfaction with the system and with democratization more generally.[9] Kornai's analysis of disappointment among 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 to Russia or other former Soviet countries—but also points to people's continued dissociation from the "system," distrust of public institutions, and correspondingly low rates of participation in civil society (Kornai 2006). Given that no society operates without trust and the persistence of some degree of cohesion within these societies, this disappointment and lack of trust in "officialdom" highlights the presence of alternative sources of social trust. Informal networks and practices continue to operate or emerge to create and redistribute wealth within the European Union and globally, as well as to serve the so-called remittance economies (Tilly 2005).

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 thirty-five 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); and achievement versus ascription (how status is accorded).

Trompenaars and Hampden-Turner suggest that in universalist cultures rules rather than relationships govern transactions among people. Equality is the standard of fairness and is best achieved through equal application of rules rather than accommodation of particular circumstances. Particularist cultures, by contrast, grant priority to the unique conditions that characterize a given transaction. Members of such societies are inclined to 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*" (1998, 31; emphasis in original). The authors note that businesspeople from each type of society tend to regard those of the 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'" (1998, 32).[10]

North American and most north European managers emerge as almost totally universalist in their choice between rule and relationship-based strategies (Switzerland 97 percent; USA and Canada 93 percent). The proportion falls to under 75 percent for the French (73 percent) and Japanese (68 percent), while in Russia (44 percent) and China (47 percent) more than half of respondents would lie to the police to protect their friend.

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Interestingly, the Central European countries such as Hungary (85 percent), the Czech Republic (83 percent), and Poland (73 percent) are very close to the North European universalist type. This observation somewhat undermines Pippidi's earlier generalization about Central and East Europe as particularist and fits the thesis of differentiation of postcommunist regimes (Carothers 2002).

In other tests for determining the predominance of universalist or particularist patterns of interaction between people, Poland and the Czech Republic appear somewhat nearer to Russia but overall Russia's position is closer to China than any other former communist country in the survey. While China and Russia have both been identified as particularist cultures, the scores for individualism (a prime orientation to the self) and communitarianism (a prime orientation to common goals and objectives) show a significant gap. Forty-one percent of Chinese respondents opt for "individual freedom as an indicator of the quality of life." It is thus in the same group as France (41 percent), Japan (39 percent), Brazil (40 percent), and India (37 percent). However, in Russia 60 percent favor individual freedom, which makes it similar to Sweden (60 percent), Poland (59 percent), Bulgaria (59 percent), and superseding of Hungary (56 percent), Norway (54 percent), and Germany (53 percent) (Trompenaars and Hampden-Turner 1998, 55).

A similarly substantial difference occurs in assessing whether individual credit is given for achievement in the workplace. In China, 55 percent of respondents say that individual credit is received, while in Russia 86 percent consider individual recognition a common practice. Interestingly, Russian and East European managers also score highest (69 percent for Russia, closely followed by Hungary, Romania, Czech Republic, Poland, and Bulgaria) in ascribing individual responsibility for cases of negligence, which

suggests that they are more individualistic in their orientation.[11]

It is likely that cleavages identified within the group of managers might not be the same in other social groups and, as shown above, differ significantly for different, albeit related, variables in the same country. The overall complexity of cleavages and counterintuitive groupings of countries illustrate just how misleading our generalizations about postcommunist countries can be. Next we will consider how these differences correspond to index-based measurements.

Problems with Measurement

Measurement problems fall into two basic categories: problems of validity (what we measure), and problems of reliability (how we measure). The two issues are related, yet they are very different problems. Most analysts accept that we do not measure the actual volume of corruption per se. Optimally we can achieve some quantifiable indicators of peoples' perceptions of corruption and the policies implemented to curb it. Even if we leave the social construction of "perception" outside of this discussion, the assumption that such a complex and multifaceted phenomenon could be summed up 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 to be represented by a single figure. While a numerical value can be useful in some contexts, it is important to explain its specific referent, that is, whether it is indicating how often bribe seeking occurs, 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 may not be 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 attributing "corruption" to others. Thus, it is a commonplace for respondents in postcommunist countries to distrust public institutions and blame corruption on "others," generally elites, whose actions legitimate their own engagement in petty corruption.

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. However, it is important to notice the contradictory nature of these practices. People's engagement in informal practices could in fact be a *compensatory response* to the corruption at the top, a practice driven by forces that can only be understood in context. Arguably, grassroots forms of corruption are not only a consequence of the misuse of public office for private gain, but also an expression of *entitlement* associated with people's expectations of social justice, sharing, and compensation for poverty or deprivation. In this respect "informal practices" should not only be seen as 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. While such practices contribute to the spread of corruption, they also represent a form of mobilization *against* corruption. This duality presents a problem in terms of both perception of corruption and its measurement. Even if composite indices are disaggregated, we do not have the tools to empirically capture the contradictory nature of these practices—yet they 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 World Bank economist Stephen Knack, who criticized the existing indices and assessed their comparability.[12] The first of these problems concerns the transparency of the methodology through which the indices are constructed, an essential aspect of their utility and interpretation. 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 is detrimental to both transparency and 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 makes sense only if 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 the TI. The problem is further complicated by the impossibilty of determining the precise extent to which the different sources are interdependent. The WBI weighting of its constituent sources could be inadvertently distorted by this interdependence. One source might be weighted more heavily than it should be because of a lack of clarity about the nature of it correlation to another.

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 also 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 believes, for example, that since the TI did not keep the 2004 sources for any of the ECA countries it evaluated in 2005 any changes in the CPI might be due to this switch. He also highlights that the WBI used twenty-three different combinations of sources for the ECA countries in 2004, but different combinations of sources were used in different countries. Not even three countries in this region were based on the same set of sources. Knack associates this inconsistency with differences in the final index, arguing that it compromises the index's usefulness in cross-country comparison. While Knack generally welcomes the addition of new countries to an index, he also points out that this can cause problems, especially for institutions that publish a ranking of countries according to prevalence of corruption without revealing the actual corruption score. Adding new countries makes the index bigger and a country's rank might deteriorate although its corruption did not worsen. As an example, Knack mentions that when the CPI started to

include Luxemburg and Iceland in the late 1990s the rank for most countries went down because Luxemburg and Iceland fared rather well on the corruption scale. Interpreters of such data need to take these additions into account when making judgments based on this index.

Norwegian researcher Tina Søreide (2006) further criticizes the CPI index for a lack of correlation between the rankings and the level of corruption in a particular country. She questions the meaning of the ranks and points out the misleading nature of their 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. (Søreide 2006, 3)

Although the TI publishes its margins of error, these "error bands" are usually in an order of magnitude higher than the precision in the ranking. Søreide illustrates this point with the case of Malta. A score of 6.8 positions Malta 25th in the 2004 CPI. But given the study's uncertainty band of 5.3 to 8.2, Malta could be either less corrupt than Canada, ranked 12th, or more corrupt than Suriname ranked 49th. 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 (Søreide 2006). 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 neighbors and competitors while they do the same. Her proposed format might also render the position of each country less visible and more

difficult to change, thus destroying the anticipation that accompanies the annual release of the index. Analysts have already addressed some of these critiques methodologically (see Frederic Galtung 2005) and practically. Freedom House and Transparency International, for example, have supplemented their indices with qualitative reports.

Problems with Policy Making

For both the scholarly and policy-making communities, the so-called no predisposition outlook has become the foundation of the "can-do" approach to anticorruption campaigns. Academic debates in particular shifted away from the premise that some cultures are more predisposed to corruption than others and that some countries are historically locked into dependence on corrupt practices as broad cultural typing came to be regarded as "politically incorrect." For example, the focus on a country's background, such as "Russians are corrupt" and "Russia has been a kleptocracy throughout its history" gives way to the argument that Russia is a normal country following an historically typical trajectory (Shleifer and Treisman 2004).[13]

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 makeup, sociocultural traditions, and other "structural" features—constitute important factors in the success of democratization (see Ekiert and Hanson 2003). Daniel Treisman (2000) looks closely at differences in historical and cultural traditions, levels of economic development, political institutions, and government policies in an effort to explain why corruption—the misuse of public office for private gain—is perceived to be more

widespread in some countries than in others. 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 depth of democracy was not significant. The study also assumes that perception of corruption is correlated to corruption.

If we take Treisman's conclusions to indicate that particular historical and cultural factors impact corruption (rather than merely corruption perception) what options are open to countries that score low on all of these criteria? In her effort to explain why anticorruption reforms fail in the postcommunist environment, Pippidi suggests that in order to determine the developmental stage of a country and to design the anticorruption 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 social groups 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 Pippidi suggests need to be implemented in order to reduce bribe taking and make semiparticularist countries more universalist and democratic. This requires displacing existing particularist norms. A policy directed toward such cultural reorganization requires knowledge of the particularist norms and the channels through which they are propagated. It must be designed with local expertise and implemented with cooperation at

the grassroots level. Specific incentives that could motivate a particular society to become clean(er) must be identified (Nield 2002); particular actors (movements) must be made responsible for overcoming corruption (Pippidi 2006); and the authority to implement the policies must be clearly delegated to those actors (Schmidt 2007).

Informal Practices as Indicators of Injustice and Distrust

Having analyzed the assumptions of the global corruption paradigm, I now turn to the record of postcommunist experience. From an historical perspective, efforts to assess the progress of anticorruption measures in postcommunist countries two decades into the process of political and economic transformation can be seen as premature given how long it took mature democracies to clean up their governance—a process that itself is far from complete. With a few notable exceptions, good governance has not been an immediately achievable goal. Rather, it is a process transitional countries undertook simultaneous with their democratization projects. According to the 2006 World Bank governance indicators, Slovenia and Estonia succeeded in their anticorruption campaigns and scored higher than many developed countries. In some transitional countries, such as Uzbekistan, Turkmenistan, and Belarus, despite initial political openings democratization efforts have clearly failed and authoritarian regimes have resolidified. Overall, Carothers (2002) estimated that of the nearly one hundred countries considered "transitional" at the beginning of the twenty-first century, only a relatively small number—probably fewer than twenty—were clearly en route to becoming well-functioning democracies.

The leaders of these democratizing countries are primarily in Central Europe and the Baltic region—Poland, Hungary, the Czech Republic, Estonia, and Slovenia—though there are a few in South America and East Asia, notably Chile, Uruguay, and Taiwan. Those that have made somewhat less progress, but still appear to be advancing, include Slovakia, Romania, Bulgaria, Mexico, Brazil, Ghana, the Philippines, and South Korea. Yet the majority of third-wave countries are neither dictatorial nor clearly headed toward democracy. According to Carothers, they have entered a political gray zone. They have some attributes of democratic political life, including at least limited political space for opposition parties and independent civil society, as well as regular elections and democratic constitutions. Yet they suffer from serious democratic deficits, often including poor representation of citizens' interests, low levels of political participation beyond voting, frequent abuse of the law by government officials and elections of uncertain legitimacy (Levitsky and Way 2002, 2010).

New Assumptions

Given that there is no single message coming from the postcommunist countries, it is essential to find a way to integrate local practices into the global corruption paradigm. Karklins (2005) identifies "the system made me do it" effect in her recent account of postcommunist corruption but includes it among other types of corruption. Her typology is an important step in disaggregating postcommunist corruption. Yet some further "disaggregation" is required to accommodate the critique of the assumptions of the global corruption paradigm and to embrace the bottom-up perspective on corrupt practices. For example, one should assume that grassroots forms of corruption are not only the outcome

of the misuse of public office for private gain but also an expression of *entitlement*

associated with people's expectations regarding social (in)justice and compensation for

poverty or deprivation.

Informal practices can be a response to oppressive regulations and a form of

collective whistle blowing. In this respect, they should be considered an indicator of

administrative corruption rather than one of its elements. In certain contexts top-down

anticorruption campaigns should be treated with suspicion, while informal practices

should be viewed as driven by considerations of justice and as having an equalizing effect

on the society. In other words, "local knowledge" is the key to understanding the

contextual specificity of "informal practices" in relation to "corruption" rather than

seeing the former as a species of the latter. As Steven Lovell put it:

> Informal practices—whether or not one chooses to condemn them as corrupt—exist not
> because people are trying to con one another but because they allow people to get things
> done in environments where formal rules and structures work imperfectly (if at all). By
> now, no special pleading is required for the study of informal practices. The time has
> come, rather, to ask more searching questions of them: above all, to find ways of
> assessing how important they really are, and how their importance changes over time.
> (Lovell 2008, 373–88)

Local framing is critical to interpreting informal practices and weighing their impact on

the larger society. The local discourse justifying informal practices may differ from the

hegemonic discourse of corruption, the existing "universal" framework for policy

making, or the global corruption paradigm. "Informal practices" are not only forms of

compliance and complicity with the "corrupt system"; they are also forms of everyday

resistance to ineffective governance of state institutions and reactions to large-scale

political corruption. Understanding informal practices as responses to the "injustice" and

"unfairness" of the system helps us to reassess, from a bottom-up perspective, the

correlation between corrupt practices at the grassroots (petty corruption) and those at the top (political corruption). In order to understand this relationship, it is essential to distinguish between legality, as the formal system of justice, and justice as a motive and frame of individual mobilization (a-contextual versus contextual). Different countries and regions have different formal "capacities for justice." Defects in formal capacities create contexts in which alternative or "practical" understandings of justice operate. The ethnography of informal practices contributes to an understanding of their underlying incentives and logic, thus shedding more light on the workings of formal systems of justice.

The available analyses of informal practices (Grødeland 2005; Kusznir 2006; Ledeneva 2006; Pippidi 2006) show that:

Informal practices should not be seen merely as a detriment to a country's economic transformation; some informal practices contribute to transformation success. Informal practices have a contradictory effect: they are both supportive and subversive of postcommunist institutions;

Informal practices are not only a cause but also a consequence of the ineffectiveness of formal institutions. They can thus serve as indicators of institutional development—particularly given the fact that measurements of informal practices can be more precise than measurements of corruption;

A new mode of informal practice is manipulative use of the law through adherence to the letter but not the spirit of the law. Thus, a fruitful new realm of inquiry is the uncharted waters of so-called legal corruption.

(legalized ways of extracting income from mediatory activities introduced

through "state capture" by private interests);

Postcommunist informal practices are closer to informal practices in

developed countries than most analysts assume. Their existence indicates

not just the "catching up" or "closing of a gap" between postcommunist

and developed countries, but complex processes of convergence. The

similarities across context can also be seen as a sign of a wider process of

"informalization" in the world economy. (Sassen 2004)

Bottom-up conceptualization of informal practices requires an interdisciplinary approach as well as an understanding of the complexity of the shifting relationship between formal and informal. The informal practices in the 1990s, just after the collapse of communism, were not the same as they are today. The scale and function of informal practices change depending on a range of historical, cultural, social, economic, and political factors. An informal practice that plays a compensatory (and somewhat supportive) role in an oppressive regime can assume a more subversive role after regime change, as the example of *blat* demonstrates, and similar informal practices may perform different functions in different regimes (see comparison of *blat* and *guanxi* in Ledeneva 2008). Generally speaking, the reasons informal practices emerge are not the same as the reasons they reproduce. This distinction must be reflected in the analysis of informal practices and in designing policies to encourage them to change.

Measurement

What I propose in this chapter is by no means an alternative to existing ways of assessing corruption. It is rather a complementary approach: an anthropological perspective that does not rely on the universal definition of corruption. It proceeds by suspending judgment on practices seen as corrupt, and by considering the meaning of a variety of informal practices embedded in concrete societies. Rather than following the top-down logic of corruption indices or governance indicators, it calls for a bottom-up perspective and disaggregated measurement. My approach shifts the focus of analysis from legal or moral proscription to a relational understanding of specific practices as "strategies of coping" with the larger system. This has the advantage of capturing a range of practices that are omitted or misinterpreted by the current conceptualization of corruption, such as manipulative use of the law, or extralegal practices that attempt to redress systemic injustice, and thereby embody resistance or mobilization. Such practices are regulated by values and incentives that may not be perceived as corrupt by their protagonists, although they nourish corruption indirectly. I conceptualize such informal practices as "people's regular strategies to manipulate (or exploit) formal rules by enforcing informal norms and creating personal obligations in formal contexts" (Ledeneva 2006), and I argue that informal practices constitute important indicators of the workings of formal institutions. They are important markers of the progress of administrative reforms in the state sector and corporate governance reforms in the private sector.

The prospect of integrating informal practices into the corruption paradigm provokes two immediate questions. The first question is whether it is possible to quantify informal practices. Measurement of informal practices is clearly a complex issue given that they are elusive, but also context-bound, and culturally and historically shaped. Yet I

would argue that there is no significant difference between measuring perceptions of corruption, which Galtung refers to as "measuring the immeasurable" (Galtung 2005), and measuring the perception of informal practices. In fact, the latter would be more accurate, if surveys referred to specific practices in the language of participants. Informal practices are part of the everyday lives of respondents in postcommunist countries and are often seen as survivalist adaptations rather than as morally reprehensible. Thus, asking participants about specific practices instead of, for example, "bribing in the last twelve months" is likely to improve the reliability of the data, even if it is harder for researchers to handle it. It will also provide a much more subtle picture of the gray areas, knowledge of which is arguably more beneficial to policy making.[14]

For example, the issue of the rule of law in Russia (one of the World Bank indicators) can be assessed by the spread of practices of "telephone justice." "Telephone justice" originated in Soviet times. When a top official wanted a particular result in court, he would simply phone the judge and tell him what the party line was. The Communist Party long gone, pressure on courts continued to exist—President Medvedev's priority today is, in his own words, to eliminate "the practice of unfair decisions made through connections or for money" and "to make the judicial system genuinely independent of the executive and legislative branches of power."[15]

How widespread is telephone justice in courts in Russia in general? In my 2007 all-Russia national survey, almost one-third of respondents seemed satisfied with the workings of the courts (12 percent replied that all court decisions are made by law, and 18 percent replied that only a few judges take bribes and are subject to pressure). More than half of the respondents, however, acknowledged the susceptibility of judges either to

corrupt payments or other forms of pressure: 25 percent of respondents said that judges take bribes as a rule although there are also principled judges. A further 20 percent said that even these principled judges would react to pressure on particular cases. Seven percent said, "All court decisions are taken either for a bribe or under pressure 'from above.'" The remaining 18 percent of respondents were "don't knows."[16]

The importance of informal practices can be overlooked if their analysis is purely quantitative. Legal experts whom I surveyed in Russia largely agree on the following formula: although it is ridiculous to suggest that every court case in Russia is decided according to directives from above, ways to influence a particular case can be found if needed. In other words, the pressure does not have to be pervasive to be fully effective. Moreover the form of influence can be chosen according to the personality of a judge. Court chairmen have a variety of ways to deal with judges known to be noncompliant or known for their personal integrity. Importantly, direct pressure might not even be necessary; in some cases judges' dependence on court chairmen facilitates self-censorship—the so-called chilling effect. Qualitative assessments are thus vital for understanding the measurements of informal practices.

The second question is whether it is possible to compare informal practices. Again, the answer is "yes, where applicable," and with better accuracy than comparisons of perceptions of corruption. Comparison of informal practices entails identifying similar patterns in people's strategies and generating analysis of differences in the functions and implications of practices in their local contexts.

Admittedly, informal practices are hard to study even within one country,[17] without attempting to compare their functions in different formal frameworks that may

themselves be noncomparable or changeable. The cultural specificity of informal practices, as well as respondents' reticence about discussing them and researchers' dependence on the ability of survey respondents to articulate the rules that govern them, make informal practices difficult to study. However such difficulties are not entirely different from the ones involved in studying corruption via more traditional methods. Furthermore, overcoming these challenges brings the researcher closer to targeting gray areas of corruption, which are otherwise inaccessible to policymakers. This appears to be a direction in which corruption studies can advance.

With disaggregation, it is also possible to compare perceptions of different informal practices. I conducted another all-Russia national survey in 2007 to assess the spread of *blat* and to compare the perception of different informal practices. In that survey, the "hard to answer" prompts tend to be chosen less frequently (9 percent) than in the "telephone justice" survey (30 percent). When asked how widespread *blat* is in their locality an overwhelming majority of respondents (66 percent) said that it was widespread (28 percent) or rather widespread (38 percent). Only 13 percent said it was not widespread, and 4 percent said it was practically absent. In this case, 17 percent of respondents were "don't knows." The survey included further questions to ascertain whether particular sectors of the economy are disposed to informal solutions to problems, with emphasis on the health sector, labor markets, traffic police, and education (Ledeneva 2012).

These types of practices may have different levels of legitimacy in different countries, but this can also be assessed through public surveys. An ethnographic approach makes use of and targets so-called local knowledge, however specific it may be. The data

generated by such research is thus more likely to resonate with local perceptions. Given that many contemporary anticorruption policies are not very effective,[18] global institutions will no doubt put local knowledge on their future agendas in a more systematic way (Rao and Walton 2004).[19]

Policy Making[2]

In theoretical terms, the global corruption paradigm that emerged in the 1990s has to be disaggregated in order to accommodate the reality of informal practices and to overcome the fundamental mismatch between the global framing of corruption and the postcommunist experience. I can imagine a similar mismatch in Africa, the Middle East, Asia, and Latin America. Wherever my research has taken me, I have discovered that understanding local practices (such as use of *guanxi* in China) is essential for building anticorruption policies. It is this understanding that the "anthropological perspective" of informal practices can provide (Sissener 2001; Sampson 2005).

In practical terms, little is known about bottom-up forms of mobilization or practices of everyday resistance in the global context. These "weapons of the weak" (Scott 1987) are driven by social inequality within the enlarged European Union or aimed at redistributing resources across the world. The most visible of them include the redistribution of the cost of medical operations to the patient, and similar practices at universities, schools, and kindergartens, where parents are forced to pick up the bill for what are supposed to be free public services. On a global level, redistributive practices include the workings of remittance economies—a phenomenon that has been both

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[2] This has already been a header label, perhaps another here?

underreported and underestimated.[20] At this stage it should be acknowledged that there is a shortage of data on informal practices, and as often happens in shortage situations, there are vested interests in keeping it that way (presumably studies on informal practices were "politically incorrect" during the EU accession period for the ten country-candidates, so it would be of additional value to assess the relevance of informal practices for any new EU members).

Since most current anticorruption policies are "imported" through association with institutions of global governance and the adoption of externally prescribed norms of good governance, they are unsuccessful more often than not. As a result of the failure to make imported policies work in local contexts there has been a positive trend in rethinking such policies. The inductive logic "what would work in this particular local context?" should become central to future research. Identifying informal practices and working out measures to change them would be an important step in that direction.

Focus on "informal practices" shaped by postcommunist experiences (and grasped in the postcommunist vernacular) is essential for the contextual sophistication of the global corruption paradigm and engagement with the region. But it applies to the rest of the world as well. In the final analysis, integrating alternative discourses of corruption and disaggregating the hegemonic global corruption paradigm will eventually benefit the anticorruption course and increase its soft power. Integrating informal practices into the global corruption paradigm on their own terms (rather than as a variant on the misuse of public resources for private gain) and measuring them in a disaggregated way will result in more effective policy making.

Notes for Chapter 8

1. These agencies were aided by the emergence of new measuring techniques, which facilitated an in-depth analysis of corruption. Indeed, in 2007 the independent Volcker Commission issued a report on the anticorruption investigative unit of the World Bank, also known by its acronym, INT. In its opening pages, the report notes the role of the World Bank Institute (WBI) in the work on anticorruption and called for resolute and concrete progress to implement an ambitious anticorruption program around the world. For access to the full Volcker Independent Panel Review, go to http://siteresources.worldbank.org/NEWS/Resources/Volcker_Report_Sept._12,_for_website_FINAL.pdf.

World Bank's President Zoellick welcomed the findings and recommendations of the Report. For details, see http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21469454~pagePK:64257043~piPK:437376~theSitePK:4607,00.html.

2. One reason for this is due to the role of corruption in undermining economic development and impeding investment.

3. Number taken from http://info.worldbank.org/governance/beeps/countries.asp.

4. See http://www.gcr.weforum.org.

5. The scores range from ten (squeaky clean) to zero (highly corrupt). A score of five is the number TI considers the borderline figure distinguishing countries that do and do not have a serious corruption problem. TI CPI covered 163 countries in 2006. To access the CPI index, go to http://www.transparency.org/cpi/.

6. World Bank governance indicators, now measured annually, include voice and

accountability; political stability and lack of violence; government effectiveness; regulatory quality; rule of law; and control of corruption.

7. See the volumes edited by Kornai, Rose-Ackerman, and Bo Rothstein (2004) and Kornai and Rose-Ackerman (2004), which include contributions from the research project "Trust and Honesty in Post-Communist Societies," supported by the World Bank and the Bank of Sweden. See also Markova 2004, especially Geoffrey Hosking's chapter.

8. 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 officeholders were an obstacle to reorganization and an impediment to efficiency, they were bought out or expropriated with compensation.

9. There is plenty of evidence that anticorruption 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.

10. 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 thirty nationalities (see Trompenaars and Hampden-Turner 1998).

11. By contrast, the Chinese (37 percent) are in the bottom third, representing

communitarian cultures together with the Philippines (37 percent), India (36 percent), Germany (36 percent), Brazil (33 percent), and Japan (32 percent) (Trompenaars and Hampden-Turner 1998, 57).

12. This is sometimes referred to as internal consistency reliability (see http://www.socialresearchmethods.net/kb/reltypes.php.) For a critique of measurements of corruption within the World Bank, see Shah 2005, 2006, 2007.

13. Steven Rosefielde (2005) challenges Andrei Shleifer and Daniel Treisman's assessment (2004) that Russia has developed into a middle-income country through the West's assistance, and that the trajectory of its development resembles that of countries with similar levels and distribution of wealth. He further rejects their prediction that Russia's political and economic development would follow the path of other successful nations of its type. He argues, to the contrary, that Russia is an abnormal political economy that is unlikely to democratize, Westernize, or embrace free enterprise any time soon.

14. I conducted a pilot study into the perception of informal practices in Russia. A Levada Centre all-Russia National Survey conducted in June 2005 has also shown popular perceptions of practices of informal pressure on the judicial systems (so-called telephone justice).

15. Speech delivered at the V. Krasnoyarsk Economic Forum, February 15, 2008. Full text in English available at http://www.medvedev2008.ru/english_2008_02_15.htm.

16. A. Ledeneva, "Medvedev's Crackdown on Corruption in Courts," *RIA-Novosti*, May 29, 2008; available at http://en.rian.ru/analysis/20080529/108803537.html.

17. This is especially true if one attempts to go beyond the level of perceptions analysis.

18. For a regional view of such policies, see Rucinschi. The Flourishing Anticorruption Industry (originally published in *Jurnalul National*: http://www.jurnalul.ro/articole/96022/industria-anticoruptie). She argues that "western societies" have turned the fight against corruption into a flourishing business. The article may be downloaded at http://users.ox.ac.uk/~scat1663/anticorruption_good.doc.

19. Similar to the logic of Kornai's argument about disappointment with capitalism (2006) the central hypothesis to test here is if the authoritarian regimes that are viewed by people as fair are more likely to generate fewer informal practices than more democratic regimes that are viewed as unfair.

20. See, for example, literature on *hawala* systems of underground banking (Ledeneva 2002).

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