



## **Explaining corruption: An institutional choice approach \***

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**Abstract.** The end of the Cold War, the strengthening of world democracy, and the advancement of neoliberal economic reforms, have exposed corruption as a major world problem and spawned a plethora of international and national anti-corruption programs. Past theorizing has increased our knowledge about corruption, however, an interdisciplinary (political, economic, cultural) theory of the causes of political corruption has never emerged. This article develops a middle-range interdisciplinary theory of the causes of corruption built through employment of an institutional choice analytic frame. The analytic frame draws on the Institutional Analysis and Development work of Elinor Ostrom, Roy Gardner, & James Walker, and the constructivist work of Nicholas Onuf. The resultant theory is advanced through a statistical analysis. The article concludes that ongoing international and national anti-corruption programs will likely fail unless they include reforms to state internal power structures and political cultures.

### **Introduction**

Corruption – the abuse of public office for private gain – emerged as an important foreign policy issue after the Cold War. Make no mistake, the world was far from corruption-free before the fall of the Berlin Wall. In the Western and Soviet Cold War struggle for spheres of influence, corruption in the superpowers' client-states was treated like the proverbial elephant standing in the living room, an aberration obvious to everyone but that no one dared talk about. As post-Cold War emphases on democratization and free trade lifted the shroud of silence surrounding corruption, the World Bank and International Monetary Fund confirmed what scholars alleged for decades, that corruption adversely affects both developed and developing states. Corruption significantly reduces state economic growth by diverting valuable resources and lowering investment rates.<sup>1</sup> Corruption seriously degrades the welfare of a state's poorest citizens by increasing income inequalities and causing the under-funding of education and health programs.<sup>2</sup> Corruption also becomes a threat to the very security of many states when, in alliance

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with transstate criminal organizations, it supports terrorism, arms smuggling, drug trafficking, and money laundering.<sup>3</sup>

With corruption erupting as a world problem in the 1990s, numerous international governmental organizations (IGOs) reacted with a plethora of anti-corruption programs. The United Nations, Organization of American States, European Union, World Trade Organization, Organization of Economic Cooperation and Development, Group of Seven, Council of Europe, World Bank Group, International Monetary Fund, among many other IGOs, chartered a variety of anti-corruption initiatives. The IGO endeavors include programs to foster free and open trade, cultivate good governance, promote transparency in government accounting and contracting, improve government ethics, and eliminate the bribery of government officials by foreign businesses seeking contracts. Transparency International, a Berlin-based nongovernmental organization (NGO), joined the anti-corruption fray in 1993, spawning over 90 national chapters working to build public integrity programs in their home states. Despite these IGO and NGO anti-corruption efforts, there are indications that corruption levels increased in many states during the 1990s.<sup>4</sup> Therefore, in foreign policy circles, there remains great uncertainty over the potential success of the IGO and NGO anti-corruption initiatives.<sup>5</sup>

Why is it so difficult to uproot endemic corruption? To answer this question requires a deeper understanding of the corruption phenomenon. Corruption is an extremely complex social behavior. There have been many notable scholarly studies on the causes of corruption.<sup>6</sup> From the extensive scholarly efforts, however, a true interdisciplinary theory of the causes of corruption never emerged. Still needed is a theory that synthesizes the many political, economic, and cultural causes of corruption.

This article employs an institutional choice analytic frame to develop an interdisciplinary theory of the causes of corruption. First, I build my institutional choice analytic frame by combining the Institutional Analysis and Development framework<sup>7</sup> with the constructivist framework of Nicholas Onuf.<sup>8</sup> I then investigate the normative and behavioral perspectives surrounding corruption. Lastly, I develop and empirically advance my interdisciplinary theory of the causes of corruption. My analysis reveals only a limited chance of success for ongoing IGO and NGO programs to fight corruption. Attacking corruption threatens the very political power structures that keep a ruling elite<sup>9</sup> in office – action ruling elites are bound to resist. Additionally, my analysis demonstrates that the corruption phenomenon is so complex that it can only be addressed through grassroots changes in a state's political, economic, and cultural institutions – changes that are not only technical but also social in nature.

### The institutional choice analytic frame

Institutional choice signifies the analysis of social behavior that is “bounded” by social institutions. The Institutional Analysis and Development (IAD) framework pioneered by Elinor Ostrom, Roy Gardner, and James Walker combines the use of rational choice theory and game theory explanations for social behavior with the ideas that agent choice is bounded by both the decision-making capacities of individual agents and a surrounding structure of political, economic, and cultural rules (institutions). The IAD framework not only demonstrates how varied institutional structures affect agent decision-making, but also how agent decisions affect (change) the institutional structures themselves. When the IAD framework is combined with Onuf’s constructivist approach, it highlights the mechanisms that link institutional structures to agent decision-making processes.

Onuf’s constructivist approach offers its own ontology for social analysis that sees the social world as constructed by social rules.<sup>10</sup> Consistent with the IAD framework, constructivists believe that reality is affected by both social and material factors and that the properties of agents and structures are both relevant to explanations of social behavior. Constructivists privilege neither agents nor structure in their analysis, but consider both equally in the development of theoretical explanations. The constructivist analytic frame allows the linkage of theories from a variety of academic disciplines – theories that may otherwise seem unrelated. The constructivist analytic framework also allows the development of theoretical explanations across multiple levels of analysis. Methodologically, Onuf’s version of constructivism believes in the application of natural science methods to social science analysis and in the importance of empirically validating its theoretical explanations.

In consonance with IAD tenets, a principal constructivist tenet is that people (agents) and society (structure) co-constitute (construct) each other in a continuous process. Onuf explains this best.

General prescriptive statements, hereafter called *rules*, are always implicated in this process [the co-constitution of agents and structure]. Rules make people active participants, or *agents*, in society, and they form agent’s relations into the stable arrangements, or *institutions*, that give society a recognizable pattern, or *structure*. Any change in a society’s rules redefines agents, institutions, and their relation to each other; any such change also changes the rules, including those rules agents use to effectuate or inhibit changes in societies.<sup>11</sup>

Figure 1 presents my institutional choice analytic frame consisting of both internal (agency) and external (structural) worlds. The internal world con-

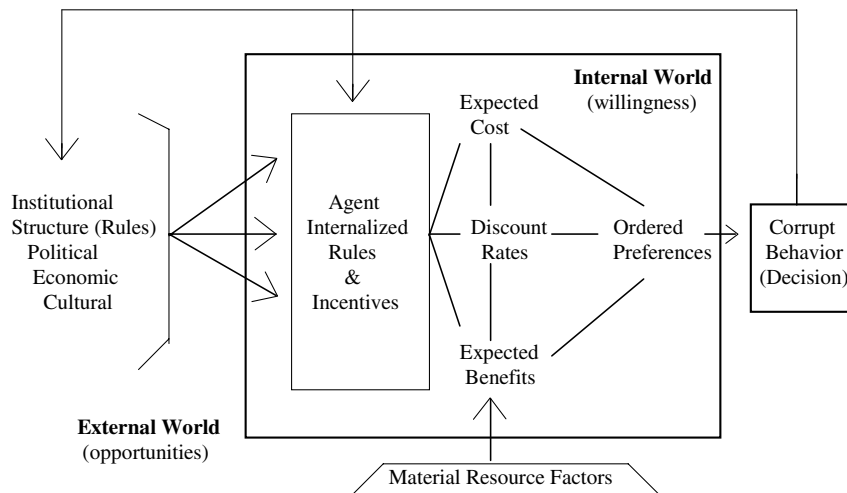


Figure 1. Corruption institutional choice analytic frame.

stitutes the agent's decision-making process. The external world constitutes the institutional (rule) structure that influences the internal world of agent decision-making. Included in the external world are material resource factors that affect agent information about expected benefits and costs leading to corrupt behavior. Another way to look at Figure 1 is as a complex melange of factors that define agent willingness (internal world) and opportunities (external world) that can lead a ruling elite to engage in corrupt (or non-corrupt) behavior. Figure 1 also displays a feedback loop that symbolizes how agent corrupt behavior (decision-making) affects both the institutional structure and internalized rules of individual agents (the constructivist process of co-constitution).

Social rules provide the mechanisms that allow the linkage of the Figure 1 external and internal worlds. To constructivists, social institutions are individual rules, or sets of rules, established in consonance with material realities. Theoretical explanations emerge from the analysis of the interaction of rules, agents, and material conditions. Constructivists analyze how these interactions constitute or *cause* individual behavior by providing agents with direction and incentives for action, and how these interactions influence changes to institutions (rules).<sup>12</sup> Onuf's theory of rules is the foundation of the constructivist analytic frame. Rules tell people what they should do, what they must do, and what they have a right to do. When agents fail to follow rules, other supporting rules bring consequences. Considering their material circumstances, agents follow or disregard rules to achieve their goals. Institutions or regimes are simply patterns of stable rules, while structure is a stable pattern of rules, institutions, and their unintended consequences.

Complex institutions, like corruption, consist of a constantly changing mix of three different types of social rules that perform distinct functions.<sup>13</sup> First, *instruction rules* delineate the *principles, beliefs, or norms* that inform agents of the institution's purposes. Instruction rules tell agents what they *should do*. Second, *directive rules* provide *specificity* to the instruction-ruled principles, beliefs and norms. Directive rules support instruction rules by telling agents what they *must do*. In order for directive rules to be effective, they must be supported by other rules (*sanctions*) that stipulate the consequences if an agent does not follow a particular directive rule. Third, *commitment rules* *create roles* for agents. Commitment rules tell agents what they have a *right or duty to do*. Commitment rules give some agents well-defined powers, while assuring other agents that those powers will not be abused. How well the three types of rules perform their assigned function depends upon their formality and strength. A rule's formality concerns how well the rule is supported by other rules. A rule's strength is determined by how frequently agents follow the rule.

The mix of the three different types of rules results in three distinct forms of rule, or methods that govern society. While all three types of rules exist in every society, those societies with a higher proportion of instruction rules are ruled by *hegemony*. The concept of hegemony used here closely follows the analysis of Gramsci who argues that a ruling class must persuade other classes in society to accept its moral, political, and cultural values, thus making the phenomena of culture and ideology central to the ruling system.<sup>14</sup> Onuf offers:

Hegemony refers to the promulgation and manipulation of principles and instructions by which superordinate powers monopolize meaning which is then passively absorbed by the subordinate actors. These activities constitute a stable arrangement of rule because the ruled are rendered incapable of comprehending their subordinate role. They cannot formulate alternative programs of action because they are inculcated with the self-serving ideology of the rulers who monopolize the production and dissemination of statements through which meaning is constituted.<sup>15</sup>

Societies with a higher proportion of directive rules are ruled by *hierarchy*. Onuf submits:

Hierarchy is the paradigm of rule most closely associated with Weber because, as an arrangement of directive rules, it is instantly recognizable as bureaucracy. The relations of *bureaux*, or offices, form the typical pattern of super- and subordination, but always in ranks, such that each office is both subordinate to the one(s) above it and superordinate to the

ones below. . . . The visualization of this arrangement of ranks linked by directives is the familiar pyramid of organization charts.<sup>16</sup>

Finally, societies with a higher proportion of commitment rules are ruled by *heteronomy*. This term is traced to Kant who referred to heteronomy as a condition of not having autonomy.<sup>17</sup> Heteronomy defines a condition where rational decision-makers are never fully autonomous, and whose decisions toward particular ends are bounded both by societal rules and their material means. Formal commitment rules stipulate *promises* by some agents, promises that become the rights (i.e., promises kept) of other agents. Ruling elite in societies with strong commitment rules find their autonomy severely restricted. The emergence of commitment rules is often the unintended consequences of the strengthening (widespread societal following) of instruction and directive rules.

Using the above constructivist theory of rules in conjunction with the Figure 1 institutional choice analytic frame, this paper develops a middle-range theory of the causes of corruption. I concentrate in the middle, between aggregate macro- and detailed micro-concepts, looking for sets of grouped social rules closely associated with the corruption concept. I construct a set of coordinates of socially constructed phenomena (sets of rules) that explain the range of corrupt behavior and the recurrence of consistent patterns of corruption. The resultant interdisciplinary theory applies across the centuries and to differing political and economic systems.

### **Normative and behavioral perspectives on corruption**

The concept of corruption can be traced to the republican thought of ancient Greece and Rome and their preoccupation with ensuring liberty and justice while resisting corruption. Resisting corruption meant resisting forms of government that served selfish private interests rather than the common good.<sup>18</sup> Corruption was a topic central to Niccolo Machiavelli's (1469–1527 AD) discourses on the need for *virtu* in republican government.<sup>19</sup> Jean-Jacques Rousseau (1712–1778 AD) also embraced the idea that government officials, selected by the people to manage society's business, must carry out their duties in a manner transcending personal interests.<sup>20</sup> John Noonan's historical treatise on bribery and corruption reveals that as the concept of official bribery developed from ancient times it became correlated ever closer with the idea that public officials (monarchs, judges, elected executives, legislators, senior officials, etc.) must put aside their private interests when dealing with public matters.<sup>21</sup> In his conclusion Noonan offers:

The notion of fidelity in office, as old as Cicero [Roman, 106–43 BC], is inextricably bound to the concept of public interest distinct from private advantage. It is beyond debate that officials of the government are relied upon to act for the public interest distinct from private advantage.<sup>22</sup>

As Western ideas of good governance evolved, a primary anti-corruption instruction rule emerged asserting the principle that public officials must separate their public duties from their private interests. This is true whether a government is based upon republican, liberal, democratic, or socialistic principles. Nevertheless, there still remains wide variance in how different societies view the concept of corruption.

Cultural relativity is an often cited problem in corruption studies. The cultural relativity argument offers that what is seen as corruption in one culture may not be seen as corruption in another. Many analysts maintain that the Western concept of corruption cannot be applied to developing states in Asia, Africa, or Latin America. Recently the cultural relativity argument has been discredited as more and more developing states adopt anti-corruption programs grounded in the normative Western concept of corruption. This does not, however, eliminate the problem of cultural relativity.

Culture defines the social rules surrounding lifestyles, beliefs, customs, and values that influence a society's pursuit of its goals. Political culture, a sub-set of overall culture, defines the general process used by a society to reach its political goals. Since Gabriel Almond and Sidney Verba's groundbreaking work on culture and modernization,<sup>23</sup> there have been many attempts to both classify various cultures and to use culture as an independent variable explaining corruption.<sup>24</sup> From a synthesis of the political culture literature, I submit that there are three principal world political cultures – *collectivist*, *individualistic*, and *egalitarian*<sup>25</sup> – each with its own unique mix of social rules. Understanding these political cultures is one key to understanding corruption.

Collectivist cultures spawn segregated societies. Social and economic transactions in collectivist cultures are organized around small groups defined by familial, kinship, tribal, ethnic, religious, or other social relationships. Each group tends to have its own narrow base of interest. Paternalism, the idea that the father or group leader decides what is best for the family or group, is a main organizing concept. Intra-group contract enforcement in collectivist cultures is achieved through informal economic and social institutions. Most transactions in collectivist cultures are personal, the majority conducted face-to-face. Loyalty to the individual's group and maintaining the traditional status quo are governing rules of collectivist cultures. While there is strong cooperation within collectivist groups, non-cooperation is more characteristic of the relations between members of different groups.<sup>26</sup> Collectivist

cultures are typically found in the developing states in Eastern Europe, the Mediterranean littoral, Latin America, Asia, Africa, and the Pacific.<sup>27</sup>

Collectivist political cultures place power in the hands of a small and self-perpetuating ruling elite who often inherit the right to govern through family ties or social position.<sup>28</sup> Citizens in collectivist political cultures interact with the ruling elite in two primary ways. First, citizens retreat into the safety of their respective groups and expect either few services and benefits from the government, or that the ruling elite's paternalism will provide for their needs. Second, citizens, often entire groups, establish strong patron-client dependency relationships with members of the ruling elite. Under a system of informal reciprocity, the clients (citizen/group) pledge their economic and political support to the patrons (ruling elite) for access to government resources.<sup>29</sup> Political parties, often just one hegemonic party, and interest groups exist in collectivist political cultures, but they are generally subordinated to the interests of the powerful ruling elite. Political competition is among elite-dominated factions within the ruling parties. Politics is considered a privilege in collectivist political cultures and those active in politics are expected to benefit personally from their efforts. Collectivist polities are centrally organized with the small, powerful ruling elite at the central core and the array of differentiated groups subordinated around. The rule of law is usually weak in collectivist political cultures. Collectivist societies are dominated by instruction rules and ruled by hegemony.

Individualistic cultures accompany societies that are more integrated and complex. Within individualistic cultures, social and economic transactions are conducted among people from different groups. Individuals frequently shift from one group to another and have a broader range of interests. Contract enforcement is achieved primarily through formal legal arrangements and specialized organizations such as courts.<sup>30</sup> Individual self-interest is the governing rule of these cultures. Individualistic cultures are typically found in non-Puritan sections of England, Wales, the United States, Australia, New Zealand; Ireland; Central Europe; and French-speaking Canada.<sup>31</sup>

Individualistic political cultures view government as strictly utilitarian – to provide those functions demanded by the citizens it serves.<sup>32</sup> Individualistic political cultures see politics as a business – another means by which individuals can improve themselves socially and economically. This “politics as business” view engenders two types of elected or appointed political officials. The first type occurs where citizen standards for government service are moderate to high and officials view their political careers as a means to provide these services and be adequately compensated for their efforts. The second type occurs where citizen standards for government service are lower and officials view their political careers as a means to serve themselves, and



those who support them, at the expense of other citizens. Both these types of politicians are more interested in public office as a means for self-interested advancement than as a means to construct a better society. Politics in individualistic political cultures are usually viewed as something dirty and better left to those desiring to participate. Political life in individualistic political cultures is based upon systems of mutual obligation rooted in personal relationships. Due to the increased complexity and frequency of inter-group transactions characteristic of individualistic cultures, it becomes difficult for officials to rely upon face-to-face negotiations. Thus, the systems of mutual obligation are often harnessed through the interactions of political parties and interest groups. Citizen participation in political decision-making is conducted through the structure of political parties and interest groups. Strong patron-client relationships associated with the system of political parties, interest groups, and large government bureaucracies emerge in individualistic political cultures. Political competition in individualistic political cultures is usually between political parties for the favors and rewards that government power offers. Individualistic political cultures lead to government structures organized along strict vertical hierarchies with a large ruling elite holding power at the top and a large vertically arrayed bureaucracy acting as a buffer between the elite and the masses. The rule of law, while stronger than in collectivist cultures, is seen largely as an expedient for the ruling elite's self-interest – to be followed only if it meets their purposes. Individualistic societies are dominated by directive rules and ruled by hierarchy.

Egalitarian cultures generate societies that are the most integrated and complex. Social and economic transactions in egalitarian cultures are conducted widely among a variety of differentiated groups. Individuals belong to several political, economic, and social groups and have a large array of interests. Contract enforcement is achieved through a combination of legal mechanisms, specialized organizations (courts, etc.), and informal institutions. Unlike the collectivist cultures where informal contract enforcement is within the realm of a particular small group (intra-group), in egalitarian cultures the informal mechanisms also work horizontally across differentiated groups (inter-group). Egalitarian cultures are typically found in Puritan sections of England, the United States, Australia, and New Zealand; Scotland; Northern Ireland; Scandinavia; North Sea states; Jewish states; and English-speaking Canada.<sup>33</sup>

Egalitarian political cultures see politics as a public activity centered on the idea of the public good and devoted to the advancement of the public interest. The search for the common good is the controlling rule of society. Equality of condition, resulting in hearty social welfare programs, is a strong norm in egalitarian political cultures.<sup>34</sup> Egalitarian political cultures view

politics as healthy and promote the wide-scale involvement of civil society in political decision-making. Egalitarian political officials vie for power just as those in other societies, however, their ultimate objective is not self-interested advancement but the search for the good society. Egalitarian political cultures tend to have well-paid political officials that flatly reject the notion that politics is a legitimate realm for private economic enrichment. While political parties and interest groups exist in egalitarian political cultures, their influences on political decision-making are weaker and they have less impact on society. Political competition is centered on societal issues. Egalitarian government structures are organized hierarchically, however, their bureaucracies tend to be smaller than similar-sized individualistic polities and their political decision-making processes tend to be horizontal, including both public and private groups. The rule of law is strong in egalitarian political cultures. Egalitarian societies have a higher proportion of commitment rules and are ruled by heteronomy.

Each of the above three types of political cultures – collectivist, individualistic, egalitarian – generate different views about corrupt behavior. Arnold Heidenheimer provides a useful method to demonstrate these differences. Heidenheimer classifies a society's perceptions regarding corruption along a normative continuum using three categories – *white*, *gray*, and *black*. White corruption denotes that the majority of both elite and mass opinion would probably not support attempts to punish a particular behavior. Gray corruption indicates that some elements, either the elite or certain mass groups, may want to see a particular behavior punished, while others may not, and the majority of elite and mass opinion may well be ambiguous. Black corruption signifies that the majority consensus of both the elite and masses would condemn a particular behavior and want it punished. These typologies of corruption are also useful for conceptualizing differing boundaries separating public office from private interest, ranging from the weakest (white) to the strongest (black).

Table 1 lists 10 typical types of behavior commonly associated with the Western concept of corruption and rates each in terms of its incidence and evaluation (white/gray/black) across the three classifications of political culture. The Table 1 types of behaviors correspond to typical abuses of public office for private benefit. The types of behavior range from minor deviations from the rules to benefit friend and supporters, to outright theft from the public treasury. Table 1 was compiled from a loose content analysis of corruption literature by Heidenheimer that is adapted for this article. Table 1 reveals a significant variance in both the incidence and evaluation of corruption across different cultures. Collectivist cultures have the most frequent incidence of the listed behaviors, the most lenient (white) evaluation of corrupt behaviors, and thus the weakest boundaries between public and private spheres.

Table 1. The incidence and evaluation of corrupt practices

Types of behavior	Collectivist		Individualistic		Egalitarian	
	Incidence	Evaluation	Incidence	Evaluation	Incidence	Evaluation
I. Officials deviate from the rules for the benefit of friends or supporters.	SOP	W	SOP	W	FI	G
II. Gifts, including campaign contributions, accepted by officials.	SOP	W	SOP	G	OI	B
III. Nepotism or patronage practiced in official appointments and contract awarding.	SOP	W	SOP	G	OI	B
IV. Officials profit from public decisions through sideline occupations or kickbacks.	SOP	W	FI	G	OI	B
V. Clients pledge votes according to patron's direction.	SOP	W	FI	G	OO	B
VI. Clients need patron's intervention to get administrative due process.	SOP	W	OI	G	OO	B
VII. Gifts (kickbacks) expected for officials extending administrative due process.	SOP	W	OI	G	OO	B
VIII. Officials tolerate or assist organized crime in return for payoffs.	FI	G	OI	B	OO	B
IX. Officials ignore clear proof of corruption (reported by the media, etc.).	FI	G	OI	B	OO	B
X. Officials steal from/misuse the public treasury or steal/misuse other public resources.	FI	G	OI	B	OO	B

Key: SOP = Standard Operating Procedure; FI = Frequent Incidence; OI = Occasional Incidence; OO = Rare Incidence, Without Regular Pattern; W = White Corruption; G = Gray Corruption; B = Black Corruption.

Egalitarian societies, on the other hand, have the fewest incidence of the listed behaviors, the strictest (black) evaluation of corrupt behaviors, and the strongest boundaries. When included in a rational choice analysis, Table 1 helps illustrate the behavior of individual agents.

Enterprise theory provides a useful model for explaining corrupt behavior that results from the Figure 1 internal world agent decision-making process. Enterprise theory offers that there is a spectrum of social behavior ranging from illegal to legal along which individuals or groups (agents) operate.<sup>35</sup> The behavior of agents may be totally illegal, a combination of illegal and legal, or totally legal, classified as *pirates*, *pariahs*, or *paragons*, respectively. Based upon rational choice theory, enterprise theory assumes that agents are rational utility-maximizers. Using simple cost-benefit analyses, enterprise theory is able to classify the likely behavior of agents faced with different legal/illegal decision situations. In this study of corruption, I assume that a state's ruling elite (agents) desire to maximize their respective personal receipt of the state's social surplus which can only be accomplished through their access to public office. Social surplus is an abstract concept defining a state's political, economic, and cultural resources that are available for distribution for the public good.<sup>36</sup> I also assume that the ruling elite do not hold power indefinitely, but can be either voted out of office or overthrown by force. When combined with the above descriptions of differing cultures and the Table 1 evaluation of corrupt behaviors, these assumptions shape a simple rational choice cost-benefit model partially explaining the corrupt behavior of political elite in different societies. The model allows an evaluation of each agent's utility calculated by comparing the costs (loss of office) to the benefits (access to office and social surplus) of corrupt behavior. The model also allows the linkage of the enterprise theory classifications of behavior – pirates, pariahs, paragons – with behavioral streams of corruption levels expected in different cultures.

In collectivist cultures, there is virtually no sustained elite or mass opinion against any of the Table 1 corrupt behaviors. Without elite or mass opinion to condemn corrupt behavior, there exists no threat to the ruling elite's access to office. The ruling elite are free to extract all of the state's social surplus for their own private use. In collectivist cultures, the ruling elite are most likely to act as pirates – those that operate mainly on the illegal side of the law and pillage their society's resources through their access to public office. When such corruption is persistent throughout a society, it can be categorized as *metastatic*, a medical term symbolizing that "corruption attacks the entire social system such that the infestation is total rather than localized and sporadic."<sup>37</sup>

In individualistic cultures, the ruling elite must take a strategic approach to corrupt behavior and avoid or successfully hide those behaviors rated black in

Table 1. Without a strategic approach, the corrupt behavior of an individualistic ruling elite could generate a coordinated coalition of adverse opinion that threatens their access to office. An individualistic ruling elite can extract substantial social surplus from the state, but must ensure they retain a coalition of allied elite or citizen groups to maintain their power base. In individualistic cultures, the ruling elite are most likely to act as pariahs – those who operate strategically on both the legal and illegal sides of the law to pilfer resources from the state, becoming outcasts if their corrupt activities are uncovered. When this type of corruption is widespread, it can be categorized as *systemic*, indicating that it is symbiotic with many, if not all, of the state's political, economic, and cultural institutions.

In egalitarian cultures, both elite and mass opinion are so averse to corrupt behavior that almost any behavior listed in Table 1 would threaten the ruling elite's access to office. Due to the higher proportion of commitment rules in egalitarian cultures, the ruling elite are under strong influence to honor their duties to remain non-corrupt, or face immediate removal from office fostered by a coalition of elite and mass opinion. Egalitarian ruling elite are influenced to ensure that a state's social surplus is distributed toward the common good. In egalitarian cultures, the ruling elite are most likely to become paragons – acting in the non-corrupt roles that civic society expects them to play. However, in a world of self-interested utility-maximizers there will never be zero corruption. Therefore, in egalitarian cultures, corruption should only be *incidental* to the regular political behavior.

In developing a theory of the causes of corruption, the above analysis partially addresses agency and structural factors. The enterprise theory rational choice cost-benefit analysis details the likely corrupt behavioral patterns of agents in various political cultures. Moreover, political culture, as a structural factor, significantly explains the range of corrupt behavior. Those who advocate culture as the primary structural cause of corruption would stop here. But not those working from an institutional choice framework. Still missing from a full institutional choice theory of the causes of corruption are a deeper understanding of the political and economic structures and the role of material resources. It is only through a thorough investigation of agency, structure, and material constraints that a true interdisciplinary theory of the causes of corruption is possible.

### **A theory of the causes of corruption**

The purpose of IGO and NGO anti-corruption programs is to strengthen state boundaries separating public office from private interests. The need to separate public office from private interest is the principal instruction rule

surrounding corruption. The goal of IGO and NGO anti-corruption policy is to transition all states to the egalitarian (Western) norm of distinct (black) boundaries. This section further develops my interdisciplinary theory of the causes of corruption through a closer analysis of the directive rules affecting corruption. There are a multitude of directive-ruled (what agents must do) political and economic structures that could be analyzed to establish their effects upon corrupt behavior. Luckily, past scholarship has isolated the most important directive-ruled factors. For a middle-range theory, I find the corruption scholarship of Michael Johnston the most helpful.<sup>38</sup> Johnston offers that cases of corruption can be explained by not only analyzing the state's boundaries between public office and private interests, but also through investigation of four social (directive) rule-sets surrounding a state's: (1) elite competition, (2) elite accountability, (3) mass citizen participation, and (4) methods of managing material resources.

The most important factor in elite competition concerns what ruling elite must do to assure victory, electorally or forcefully, over a competing elite to either gain or maintain control of decision-making power over state resources. The primary directive-ruled concern of politicians everywhere is the same, they want themselves (or their party) to be elected, reelected, or to take power by force.<sup>39</sup> The threat of losing power makes job security a ruling elite's principal Figure 1 internal world incentive. Barbara Geddes provides a compelling analysis of the job security-related incentive structure surrounding electoral victories in democratic states.<sup>40</sup> Using simple game-theory models (agency models), Geddes demonstrates how the requirement for electoral resources prevents the reform of political patronage networks in Latin America. Patronage, the use of government resources (contracts, jobs, licenses, legislation, etc.) to award loyal political supporters, underlies the power structures in states throughout the world. Normally legal, patronage behavior obscures the boundaries between public office and private interest, a behavior that is antithetical to the Western concept of good governance. Geddes describes the patronage reform situation as part of a "politician's dilemma."<sup>41</sup> Politicians may truly want to offer patronage reform, however, they face the dilemma that they cannot afford the cost of reform because of the loss of electoral resources that threaten their political survival. She submits:

In order to maintain their electoral machines, politicians need to be able to "pay" their local party leaders, ward heelers, precinct workers, and campaign contributors with jobs, contracts, licenses, and other favors. What kinds of payments are common or even possible depends on political traditions, legal constraints, and the amount of state intervention in the economy among other things. Where state intervention has custom-

arily been high, politicians depend heavily on the distribution of state largess to cement party loyalties.<sup>42</sup>

The failure of states to credibly commit to anti-corruption programs is partly explained by their unwillingness to reform behaviors such as patronage that are discouraged by the Western view of good governance. Political survival in democratic states requires electoral resources, thus spawning patronage systems in most world states. Based solely on the need for patronage, Geddes' simple game-theory (agency) analysis adds to the explanation of the Figure 1 internal world willingness of officials to engage in corrupt behavior. Still missing from the analysis, however, is a deeper investigation of the Figure 1 external world opportunities to be corrupt. To explain such opportunities requires a closer look at elite accountability, mass political participation, and material resource factors.

Onuf's constructivism offers that directive rules require the support of sanctions in case the agent decides not to follow the applicable rules. The analysis of anti-corruption sanctions speaks to elite accountability. Assuming a state fully implemented a model set of anti-corruption directive rules, it would then fall upon the state's existing system of sanctions to ensure elite compliance. A lack of accountability provides increasing opportunities for the elite to act corrupt. In analyzing elite accountability there are two dimensions that must be addressed: answerability and enforcement.<sup>43</sup>

Answerability concerns the obligation for public officials to keep citizens informed about their activities and to explain public decisions.<sup>44</sup> This includes public officials providing information, facts, and data on public activities, more commonly referred to as freedom of information. Answerability also requires a free media (radio, television, newspapers, magazines, etc.). The media is not only the primary purveyor of information to the public, but also is the public monitor (watchdog) who reports public activities and initiates discourses on the topics most important to society. Additionally, answerability requires public officials to make themselves available in public or private forums to provide information, answer citizen questions, and explain public decisions. The answerability of a state ruling elite is a major problem worldwide. Freedom House's 1999 analysis of press freedom rates only 19 of 186 total world states as having substantial press freedom.<sup>45</sup> In fact, Freedom House rates 66 of 186 world states as having severe restrictions on their press freedom.

Enforcement, the second dimension of elite accountability, concerns the capacity of a state to impose sanctions upon officials who have violated their public duties.<sup>46</sup> When official behavior is called into question, it must eventually be punished if found illegal. Sanctions (punishment) resulting from enforcement actions include those contained in the state's administrative,

electoral, and criminal justice systems. Administratively, a state must have the capacity within its governmental structure to uncover corruption (by inspections, audits, whistleblowers, etc.) and then take appropriate administrative action. This may include censures, fines, or removal from office. Electorally, when corruption is perceived as a problem, the citizens must be able to remove suspected officials, i.e., “throw the crooks out,” during the course of regular or special elections. Lastly, when an official’s corrupt behavior violates criminal statutes, the state’s criminal justice system must be able to investigate, bring to trial, and punish wrongdoers. As with answerability, the enforcement dimension of elite accountability is a significant world problem.

Authoritarian government remains the norm throughout many regions of the world. Freedom House rates 103 world states as authoritarian (not free or partially free).<sup>47</sup> While many world states retain visible dictatorial or authoritarian governing systems, there are many other states with superficial democratic systems where state decision-making remains substantially authoritarian. In world states adopting presidential systems of government there are often ineffective checks-and-balances. Through a combination of presidential decrees, strong veto powers, and the exclusive right to initiate legislation in key policy areas, presidents without effective checks-and-balances can control or bypass their legislatures.<sup>48</sup> In the Westminster parliamentary systems adopted by the numerous former British colonies, prime ministers and their cabinet ministers often perform a dual function of executive and legislature. This is especially true in small states where the number of members of parliament are too few to offer effective loyal opposition to the ruling government.<sup>49</sup> Thus, in small parliamentary states, there may be little formal public debate or oversight of government activities. Geddes’ model of electoral resources and patronage reform can easily be extended to show that authoritarian governments are unlikely to support any administrative reforms that hold them accountable.

Elections throughout the world are often tainted by charges of fraud and corruption. Atlanta-based Emory University’s Carter Center has developed an industry around monitoring world elections. Despite this and other international oversight of elections, ruling elite continue to have considerable influence over the electoral process in their respective states. Even if elections are fair and free, there is no guarantee that electorates will vote out corrupt officials. For example, James McCann and Jorge Dominguez found that despite widespread knowledge of the ruling Institutional Revolutionary Party’s (PRI) corruption, in Mexican elections (1986–1995) the electorate repeatedly voted the PRI back into power.<sup>50</sup> These PRI victories were based upon two primary elements. First, the PRI obtained votes through their own extensive patronage networks. Second, with the expectation that election fraud would return the



PRI to power anyway, those voters most likely to vote for the opposition failed to come to the polls.

In a vast majority of world states, criminal justice systems lack the basic principles expected in developed states.<sup>51</sup> Ruling elite are seldom held accountable in criminal justice systems that lack efficiency and openness. Moreover, the judicial systems lack independence as they are often dependent upon executive branches that control not only the budgets, but also the selection, promotion, and discipline of judges. Without a political base of their own outside the executive, criminal justice systems are unlikely to hold the ruling elite accountable.

The role of the international system must also be considered when analyzing elite accountability. Key accountability issues concern the role of state sovereignty and the granting of asylum to fleeing elite which allows them to avoid enforcement. Many states use declarations of sovereignty as a shield to keep the international community from looking closely at illicit internal behaviors like corruption. Sovereignty is also used as an excuse for a state's lack of political will or political capacity to comply with otherwise valid international requirements. With the formation of the United Nations and the collapse of colonialism, a new set of sovereign principles came into effect after World War II, principles dispensed indiscriminately to all newly emerging states. Whereas before World War II a state had to earn its sovereignty and right to non-intervention by showing it could maintain internal stability, follow international economic norms, and provide public goods; after the war, the norms of sovereignty and non-intervention were simply bestowed upon states by the international system. This new concept of sovereignty did not require any particular substantive condition in the new state, only the observance and forbearance of other members of the international community.<sup>52</sup> Armed with the new instruction-ruled principles of sovereignty and non-intervention, and combined with Cold War superpower protection in their spheres of influence, corrupt dictators such as Trujillo of the Dominican Republic, Ceausescu of Romania, the Duvaliers of Haiti, the Somozas of Nicaragua, Sukarno of Indonesia, and Noriega of Panama, among many others, felt doubly protected (by sovereignty and superpower force) as their corrupt regimes depleted national treasuries and diverted state resources for their own private use. In the 1990s, superpower protection was no longer a factor, however, superpower complicity remains evident in the legacy of metastatic and systemic corruption that permeates many world states.

Related to the concept of sovereignty is the practice of granting asylum to corrupt ousted elite. Ruling elite know that if they are caught in corrupt acts, they can receive almost automatic political asylum within the sovereignty umbrella of other states. For example, in 1986, Haiti's ousted President Jean-

Claude Duvalier was granted asylum in France after plundering millions from the Haitian treasury. A more recent example is the 1997 European exile of President Mobutu of Zaire funded by one to three billion dollars he stashed in Swiss bank accounts – accumulated primarily by channeling funds from Zaire’s copper, cobalt, gold, and diamond mines into his personal accounts.<sup>53</sup> The international factors of sovereignty and asylum cannot be ignored as key contributors to the world situation of weak elite accountability.

Evaluating elite accountability is a new topic in political research. Adapting the work of Guillermo O’Donnell,<sup>54</sup> I submit that there are three distinct types of accountability – *circular*, *vertical*, and *horizontal*. Circular accountability is characteristic of collective political cultures and symbolizes informal answerability and enforcement of societal rules within the individual’s respective group. Elite accountability is the preserve of the small ruling elite in these cultures. Government bureaucracies, elections, and criminal justice systems would likely have no role in circular elite accountability. For all but the most egregious offenses, the punishment in circular political cultures would likely entail the official’s removal, often only temporary, from the group of ruling elite. Vertical accountability is characteristic of individualistic cultures and signifies that answerability and enforcement measures originate in and travel through the state’s vertical bureaucracy. Offenses for which elite are held accountable would be serious (black in Table 1), and once the offenses were made known to the public there would be a universal call for punishment within the confines of the state’s administrative, electoral, or criminal justice systems. Horizontal accountability is characteristic of egalitarian cultures and indicates that answerability and enforcement originate not only within the state bureaucracy, but also from groups outside government. Checks-and-balances and loyal opposition structures are key aspects of horizontal accountability. Civil society and NGOs take on a primary role in corruption oversight in horizontal accountability and have unrestricted access to all levels of the government. Individuals reporting corruption (whistleblowers) are protected and do not have to follow bureaucratic chains of command to make reports. The real key to horizontal accountability, however, is the involvement of civil society (mass citizen participation).

Johnston argues that social empowerment through mass citizen participation is an essential element in preventing corruption. Social empowerment means “strengthening civil society in order to enhance its political and economic vitality, providing more orderly paths of access and rules of interaction between state and society, and balancing economic and political opportunities.”<sup>55</sup> Where civil society is weak, citizens become vulnerable to exploitation. Where civil society is strong, citizens are able to build inter-group coordination mechanisms that are essential to fostering elite accountability.

A strong civil society cultivates anti-corruption commitment rules. These commitment rules lead to self-enforcing mechanisms where ruling elite make it their duty (promise) not to behave corruptly and civil society takes this promise as their corresponding right. As discussed previously, the ruling elite know that if they break this promise and behave corruptly, civil society as a whole will automatically challenge the elite's actions – thus the self-enforcing aspect of a strong civil society. Therefore, the strength of a state's civil society becomes a key horizontal accountability mechanism preventing corruption.

An unintended consequence of strengthening a state's civil society while building commitment rules is the growth of social trust. Social trust "is the process by which individuals assign to other persons, groups, agencies, or institutions the responsibility to work on certain tasks."<sup>56</sup> In other words, social trust is the ability to entrust others to carry out functions that we cannot carry out or supervise ourselves. Social trust allows groups to organize to a lower level (decentralize) and fosters "spontaneous sociability," the ability of groups to work closely together.<sup>57</sup> Social trust is the mechanism that allows citizens to form organizations and associations – the foundation to building strong civil societies. Social trust can even be seen as a public good, one that makes it possible to surmount societal collective action problems. Recent studies highlight the importance of building social trust. In a study of world political economy, Francis Fukuyama demonstrates that a state's economic product is directly correlated with its level of social trust.<sup>58</sup> In a study of corruption in Nicaragua, Mitchell Seligson found interpersonal trust as an important variable affecting citizen perceptions of both corruption levels and the legitimacy of government.<sup>59</sup> He noted "[i]ndividuals who trust each other are able to interact in civil society in a more positive fashion. . ."<sup>60</sup>

Social trust can be conceptualized in three typologies – *patrimonial*, *pluralistic*, and *cosmopolitan*.<sup>61</sup> Patrimonial social trust is characteristic of collectivist cultures where trust is limited to other members of an individual's social group. There is little social trust between individuals in different social groups in these societies. Pluralistic social trust is characteristic of individualistic cultures where a minimal level of trust is necessary for differing groups to work together. While self-interested behavior is the norm in individualistic cultures, most individuals see it is in their best interest to work with others. Cosmopolitan social trust is characteristic of egalitarian cultures. Cosmopolitan social trust develops from widespread inter-group transactions and includes significant inter-personal communication. Cosmopolitan social trust is the result of the emergence of societal commitment rules.

Material resource realities are the final structural aspect to consider in this analysis. As Figure 1 depicts, an institutional choice analysis is incomplete without consideration of how material resources impact upon the social beha-

violation under investigation. By material resources, I mean resources associated with how the state's economy is structured and how state-owned resources are managed. Also included in material resource considerations are external resources that could influence ruling elite to use their public office for private gain, e.g., bribes by foreign businesses seeking government contracts<sup>62</sup> and transstate organized crime activity.<sup>63</sup> Beginning with the writings of Adam Smith (1723–1790 AD), David Ricardo (1772–1823 AD), and other liberal nineteenth and twentieth century economists, theorists argue that to achieve economic efficiency, state political interests must be prohibited from subverting market forces. Through non-intervention of the state in the economy, opportunities for governmental rent-seeking or outright theft of public resources are reduced. An unintended consequence of state non-intervention in the economy is the lowering of corruption levels. I submit there are three types of state material resource systems – *authoritarian*, *statist*, and *market*.

Authoritarian material resource systems foster maximum state economic control. In authoritarian systems, the ruling elite tightly control the state economy and decide how state resources are distributed. Such systems provide unlimited opportunities for corruption. State material resource control includes high levels of protectionism (high tariffs, etc.) of foreign trade, high personal and corporate taxes, government ownership of major enterprises (public utilities, basic foodstuff production, etc.) and infrastructure (ports, airports, railroads, etc.), strict wage and price controls, and a variety of other regulations (licensing, etc.) that allow maximum rent-seeking by government officials. The ruling elite are presented opportunities to use the national treasury and state resources as if they were their own personal property, and decide what, if any, resources may be distributed for the public good. One analysis of corruption in underdeveloped societies found that where extensive economic control existed “the majority of the population are more or less permanently excluded” from the benefits of state resources.<sup>64</sup> Authoritarian material resource systems are dominated by instruction rules and found in collectivist societies. The Heritage Foundation ratings of world economic freedom show 27 of 161 world states as having authoritarian material resource systems and 63 additional states as possessing at least some authoritarian characteristics.<sup>65</sup>

Statist material resource systems find less state control of a state's economy, but are far from being open market systems. Statist systems utilize a mix of authoritarian and free market conditions while providing the ruling elite ample opportunities for corrupt behavior. Knowing that their opportunities to accumulate capital are dependent upon their control of the state's resources and economic process, ruling elite in statist systems strive to ensure they play key decision-making roles in economic and state resource management. Statist material resource management includes some protec-

tionism of foreign trade, some government ownership of key enterprises and infrastructure, and a special emphasis on regulations (licensing, contracting procedures, etc.) that allows substantial rent-seeking by government officials. In effect, ruling elite in statist systems see the state's economic system as their own private business and regulate it such that they receive ample opportunity for illicit capital accumulation. Robin Theobald found that even among developed societies, corruption levels soar when the state becomes so involved in economic management "that in the absence of adequate alternatives the state apparatus becomes the main vehicle of economic advancement and capital accumulation" for those in power.<sup>66</sup> Statist material resource systems are dominated by directive rules and found in individualistic societies. The Heritage Foundation places 124 of 161 world states rated solidly in the statist category.<sup>67</sup>

Market material resource systems meet the liberal ideal of free and open economies. Taking their lead from the liberal political economy work of Smith and Ricardo, market systems view that the only role for the state in the economy is to provide public goods that the market is unable to provide (monetary systems, transportation infrastructure, etc.). State ownership of enterprises is contemplated only if the enterprise has no competition and state-ownership is in the public's interest. Market state economies enjoy the maximum openness and state resource management is highly transparent. Overall, the market system presents the fewest opportunities for corruption. Market material resource systems are dominated by commitment rules and found in egalitarian societies. The Heritage Foundation rates only 10 world states as having true market systems.<sup>68</sup>

Table 2 summarizes the above corruption analysis. I designate Table 2 as the coordinates of corruption, as it illustrates the range of both corrupt behavior and its associated social phenomena. In accordance with my Figure 1 institutional choice analytic frame, Table 2 includes the elements of internal world agency (agent corrupt behaviors) and external world institutional structure (forms of rule, political cultures, elite accountability, material resource systems) that lead to the social behavior under investigation (corruption streams). Table 2 is probabilistic. If the conditions of social phenomena (variables) in any one column are present, then it is probable that the associated corruption stream at the bottom of the column will occur. Realistically, there are probably no states that correspond identically to the socially constructed conditions in any one of the Table 2 columns. Most states will exhibit a mix of the range of these social phenomenon. By analyzing the mix of each state's social phenomenon, Table 2 provides a rough capability to predict the state's overall corruption level. Table 2 is the basis for my interdisciplinary theory of the causes of corruption. From Table 2 any number of theoretical

Table 2. Coordinates of corruption

Dominate social rules	Instruction	Directive	Commitment
Rules' purposes	Principles, beliefs, norms	Specificity, sanctions	Create roles
Rules' functions	should do	must do	right/duty to do
Forms of rule	Hegemony	Hierarchy	Heteronomy
Political cultures	Collectivist	Individualistic	Egalitarian
Elite accountability	Circular	Vertical	Horizontal
Social trust	Patrimonial	Pluralistic	Cosmopolitan
Material resource system	Authoritarian	Statist	Market
Corruption boundaries	White	Gray	Black
Agent corrupt behaviors	Pirate	Pariah	Paragon
Corruption streams	Metastatic	Systemic	Incidental
Corruption index:	0		10

propositions may be constructed, but one proposition is central— if a state desires to reduce its overall level of corruption to the Western norm (incidental), it must increase its society's proportion of anti-corruption commitment rules.

At the bottom of Table 2 is a corruption index scale modeled on the 0 (totally corrupt) to 10 (no corruption) index scale used by Transparency International (TI). Since 1995, TI has published an annual Corruption Perception Index of world states.<sup>69</sup> The TI corruption indexes rate world states on their level of corruption associated with foreign business transactions. While the TI scores do not include corruption generated by domestic business transactions or transstate organized crime, they are considered the best comparative measures of state corruption currently available.<sup>70</sup> The TI 1997 and 1998 indexes (see Appendix A) provide scores for a total of 106 world states. These TI index scores constitute a purposive sample and reflect a reasonable mix of states from differing levels of development, world regions, and political/economic systems. Although statistical inference to all world states using the TI corruption indexes is not possible, the TI data does allow an empirical analysis to evaluate the merit of the Table 2 coordinates of corruption.

For this article, I neither fully operationalize nor measure the Table 2 concepts, however, there are several useful proxy variables available for a macro-level statistical analysis of the variable relationships depicted in Table 2. I create an ordinal variable for state political cultures using Daniel Elazar's typologies of cultural streams.<sup>71</sup> Cultural stream defines where a state's population and political ideas originate. I combine three Freedom House indexes rating state press freedom, political rights, and civil liberties into one index of elite accountability.<sup>72</sup> The Freedom House press freedom ratings include

evaluations of both freedom of information and freedom of media expression. The Freedom House political rights ratings effectively capture the fairness and openness of state elections. The Freedom House civil liberties ratings is an indicator of the freedom of civil society to organize and coordinate their demands upon government. I weight these three Freedom House ratings equally and combine them into one index of elite accountability with a scale of 0 (no accountability) to 18 (most accountability). The Heritage Foundation prepares an index rating state economic freedoms.<sup>73</sup> This index includes evaluations of state trade policy, tax structures, government intervention in the economy, monetary policy, capital flows, foreign investment, banking regulations, wage and price controls, property rights, and informal economy levels. I recode the Heritage Foundation ratings of economic freedom to an interval index with a scale of 1 (not free) to 5 (free). Following Fukuyama's argument that a state's level of social trust is highly correlated with its economic output,<sup>74</sup> I use a state's per capita gross national product (normalized to US\$) as a proxy variable for the level of state social trust.<sup>75</sup> Since my statistical analysis is only an initial check to determine Table 2's merits, I do not worry that several of the independent proxy variables are measured for periods after the TI 1997–1998 corruption indexes. Historically, all of the proxy variables are stable with only minor changes occurring between years. I use the most current information available for each variable in my analysis.

Table 3 provides a summary of my statistical analysis using the above proxy variables to explain the differences in the TI 1997–1998 Corruption Perception Indexes. Two analyses are presented in Table 3. First is a bivariate correlation analyses that reveals the relationships between individual variables and the TI 1997–1998 Corruption Perception Indexes. Second is an ordinary least squares (OLS) multivariate regression analysis that includes all the variables in one model with the TI 1997–1998 Corruption Perception Indexes (scale 0 to 10) used as a measure of the dependent variable.

The Table 3 Pearson correlation coefficients reveal strong positive correlation between individual independent variables and the TI corruption index. The correlation coefficients indicate that as a variable moves from the left side to the right side of Table 2 (collectivist to egalitarian political cultures, increasing elite accountability, more social trust, and greater economic freedom) there is a decrease in the behavioral stream of corruption (higher TI corruption index scores). Based solely on the Table 3 correlation analysis, there is ample evidence to support the merits of the Table 2 coordinates of corruption among the states in the TI 1997–1998 Corruption Perception Indexes.

Also revealing are the regression coefficient results from the ordinary least squares multivariate regression using the proxy variables. Both the overall

*Table 3.* Plausibility probe: Pearson correlation coefficients and OLS regression coefficients in explaining the 1997 and 1998 transparency international corruption perception indexes

Independent variables	Pearson correlation coefficients	OLS regression coefficients <sup>1</sup>
Constant		2.290***
Political culture:	.593*** <sup>2</sup>	
Collectivist <sup>3</sup>		-.796 (-.137)
Individualistic <sup>3</sup>		Reference
Egalitarian <sup>3</sup>		2.052 (.276)***
Elite Accountability:	.679***	.084 (.188)**
Includes: Press Freedom, Political Rights, Civil Liberties		
Social Trust:		
Per Capita GDP	.787***	.0001 (.340)***
Material Resource Systems:		
Economic Freedom	.662***	.499 (.155)*
Adjusted R <sup>2</sup>		.775
F-test (Model Significance)		71.270***

<sup>1</sup> Parameter coefficients are followed by standardized coefficients (in parenthesis).

<sup>2</sup> Eta squared value for predicting state corruption level using the political culture ordinal variable that includes egalitarian, individualistic, and collectivist cultures.

<sup>3</sup> Dichotomous variable coded 1 for type of political culture shown.

N = 106 \* p < .05 \*\* p < .01 \*\*\* p < .001.

OLS model and all independent variables except one are significant (at the .05 level or greater) as predictors of the TI corruption index scores. Despite not including variables for all Table 2 concepts (forms of rule, corruption boundaries, and elite accountability by state administrative and criminal justice systems), the Table 3 OLS model accounts for 77.5 percent ( $R^2 = .775$ ) of the variance in the TI corruption index scores – an impressive result for any



social science model. Using the standardized coefficients as a guide, the OLS regression demonstrates that social trust (per capita GDP) and egalitarian political culture are not only the two most significant variables in the model, but are also the strongest variables in explaining the TI corruption index scores. The analysis indicates that while IGO and NGO technical solutions (greater elite accountability, freer economies, etc.) are necessary for lowering state corruption index scores, they are not sufficient to arrest the corruption scourge. The Table 3 OLS regression results indicate that technical solutions must be combined with social solutions – building social trust and altering political cultures – for achieving real success at overcoming metastatic and systemic corruption streams.

### **Conclusion**

My purposes for this article are twofold. First, I illustrate the value of using an institutional choice analytic frame in analyzing corruption. I demonstrate the institutional choice analytic frame's utility through the development of an interdisciplinary theory of the causes of corruption. My analysis reveals the frame's ability to combine several seemingly unrelated theories of political, economic, and cultural behaviors into one interdisciplinary social theory. My middle-range theory of the causes of corruption is only the beginning of an institutional choice-based research program on corruption. Each of the social phenomena in Table 2 requires further investigation to refine its conceptualizations and isolate additional individual or sub-groups of social rules associated with corrupt behavior. Moreover, the Table 3 empirical analysis supports the operationalization, measurement, and hypothesis testing of the Table 2 coordinates of corruption. Further institutional choice analysis should also look closely at the mechanisms leading to the emergence of commitment rules and the strengthening of social trust.

My second purpose is to use the interdisciplinary theory of the causes of corruption to explain why it appears so difficult to uproot endemic corruption. Ongoing IGO and NGO efforts to arrest world corruption focus primarily on the technical aspects of elite accountability (codes of ethics, asset disclosures, transparency, oversight bodies, etc.). Other IGO and NGO technical programs surrounding free and open trade, advancement of democratization, free and fair elections, etc., also have unintended consequences that support anti-corruption programs. Despite these necessary and noble IGO and NGO efforts, there remain two glaring gaps in anti-corruption programs that help explain why corruption is so difficult to uproot.

First, IGO and NGO anti-corruption programs do not address the directive-ruled authoritarian structures of many states – the source of a ruling elite's

political power. Based upon Geddes' study of electoral resources and patronage reform, it is logical to predict that most world ruling elite will continue to resist anti-corruption initiatives. As with patronage reform, any attempts to alter authoritarian political structures through advancing democracy or fostering mass participation – thus threatening ruling elite political power sources – will meet with little success. While most world ruling elite appear satisfied to let the policy process chip around at the edges of anti-corruption reform, they will likely resist any real reform to the political institutions that are the source of their power.

Second, no IGO or NGO anti-corruption initiatives address reforms to state political cultures as a means to deter corrupt behavior. Table 2 includes political cultures as just one of many social phenomena (variables) that affect corrupt behavior. In fact, there is little agreement as to how political cultures fit into social science causal models. Some scholars use political culture as a principal independent variable that explains corruption.<sup>76</sup> Others, however, question the existence of causal mechanisms associated with a political culture variable. For example, James Johnson offers that culture should not be used as an explanatory variable, but seen as a hidden-hand-like mechanism that governs rational choice outcomes.<sup>77</sup> One thing is clear from this article's analysis, political culture is not a phenomenon that can be ignored in corruption analysis. My analysis confirms the exigency of using political culture as one of several phenomena making up the structure of corrupt behavior. The causal mechanisms associated with political culture surround the types of social rules that dominate its construction. Culture is an extremely complex social phenomenon, one that is both formal (its rules are supported by copious other rules) and strong (agents follow its rules for decades if not centuries). To change such a complex, formal, and strong institution requires nothing short of a gargantuan effort over a lengthy period. Therefore, whether used as an independent variable in a social science model, or acting as a hidden-hand-like mechanism, without reform, the strong collectivist political cultures in most world developing states will have a tendency to hold states somewhere between metastatic and systemic corruption levels.

A central theme of this institutional choice analysis is the critical need to generate anti-corruption commitment rules. Without directive rule reform of authoritarian political power structures, the emergence of stronger anti-corruption commitment rules in most states is unlikely. Moreover, without reforms to collectivist political cultures, it may be all but impossible to generate anti-corruption commitment rules. A state's inability to generate commitment rules is the principal reason it is so difficult to arrest endemic corruption. My analysis shows that there are a variety of socially constructed phenomenon in Table 2 that lead to commitment rule construction. Among these phenomena,

an empowered civil society playing a vital role in elite accountability emerges as the foundation to building commitment rules. My Table 3 statistical analysis reveals that while the ongoing IGO and NGO technical solutions to corruption are vitally necessary, it is crucial that states also embrace social solutions – generating commitment rules, increasing social trust, and building egalitarian political cultures – if they ever hope to truly eradicate the world corruption plague.

## Notes

1. See Paolo Mauro, “Corruption and Growth,” *The Quarterly Journal of Economics* 1995 (110: August), 681–712; Paolo Mauro, *The Effects of Corruption on Growth, Investment, and Government Expenditure*, IMF Working Paper WP/96/98, (Washington DC: International Monetary Fund, 1996); Paolo Mauro, *Why Worry About Corruption?* (Washington DC: International Monetary Fund, 1997); Vito Tanzi and Hamid Davoodi, *Corruption, Public Investment, and Growth*, IMF Working Paper WP/97/139, (Washington DC: International Monetary Fund, 1997); Vito Tanzi and Hamid Davoodi, *Roads to Nowhere: How Corruption in Public Investment Hurts Growth*, (Washington DC: International Monetary Fund, 1998); and Vito Tanzi, *Corruption Around the World: Causes, Consequences, Scope, and Cures*, IMF Working Paper WP/98/63, (Washington DC: International Monetary Fund, 1998).
2. See Mauro 1997; Tanzi and Davoodi 1997, 1998; and Tanzi 1998.
3. Robert S. Leiken, “Controlling the Global Corruption Epidemic,” *Foreign Policy* 1996–1997 (105: Winter), 55–73.
4. Transparency International, *1998 Corruption Perceptions Index* (Berlin, Germany: Transparency International, 1998), available at <http://www1.gwdg.de/~uwww/CPI1998.html> (September 22, 1998).
5. Kimberly Ann Elliott, “Corruption as an International Policy Problem: Overview and Recommendations,” in K.A. Elliot (ed.), *Corruption and the Global Economy* (Washington DC: Institute for International Economics, 1997); and Pauline Tamesis, “Different Perspectives if International Organizations in the Fight Against Corruption,” in *Corruption & Integrity Improvement Initiatives in Developing Countries* (New York, NY: United Nations Development Programme, 1998).
6. There are many outstanding scholarly studies of corruption. Some of the most cited include: Samuel P. Huntington, *Political Order In Changing Societies* (New Haven, CT: Yale University Press, 1968); Robert K. Merton, *Social Theory and Social Structure, Enlarged Edition* (New York, NY: The Free Press, 1968); James C. Scott, *Comparative Political Corruption* (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1972); Susan Rose-Ackerman, *Corruption, A Study in Political Economy* (New York, NY: Academic Press, 1978); Robert Klitgaard, *Controlling Corruption* (Berkeley, CA: University of California Press, 1988); and Robin Theobald, *Corruption, Development and Underdevelopment* (Durham, NC: Duke University Press, 1990).
7. The Institutional Analysis and Development framework was originally developed in Elinor Ostrom, *Governing the Commons, The Evolution of Institutions for Collective Action* (Cambridge: Cambridge University Press, 1990); and then expanded in Elinor Ostrom, Roy Gardner, and James Walker, *Rules, Games, & Common-Pool Resources* (Ann Arbor, MI: The University of Michigan Press, 1994).

8. The constructivist analytic frame originated in Nicholas G. Onuf, *World of Our Making: Rules and Rule in Social Theory and International Relations* (Columbia, SC: University of South Carolina Press, 1989); and was then summarized in Nicholas G. Onuf, "A Constructivist Manifesto," in K. Burch and R.A. Denemark (eds.), *Constituting International Political Economy* (Boulder, CO: Lynne Rienner Publishers, 1997).
9. Ruling elite refers to the senior political and economic officials that hold power in a state. Political elite include senior elected and appointed officials within government, or influential political officials outside government such as senior political party officials. Economic elite include those persons that influence the political elite through their control of material resources, financial markets, etc.
10. There are several competing social science versions of constructivism. Each version believes that the world is socially constructed. Beyond this one commonality, the different versions of constructivism have a variety of ontological, epistemological, and methodological views. In the remainder of this article, constructivism refers to the use of the analytic frame developed by Onuf.
11. Onuf 1997, 7; emphases in original.
12. E. Adler, "Seizing the Middle Ground: Constructivism in World Politics," *European Journal of International Relations* 1997 (3:3), 329.
13. Much of the growing constructivist literature refers only to two types of rules, regulative and constitutive rules. In Onuf's constructivism, all rules are deemed to have both regulative and constitutive properties. To Onuf there are only three types of rules – instruction, directive, commitment – that govern social action.
14. A. Gramsci, *Selections From the Prison Notebooks* (New York, NY: International Publishers, 1971).
15. Onuf 1989, 209–210.
16. *Ibid.*, 211.
17. *Ibid.*, 212.
18. Ronald C. Wilson, *Ancient Republicanism, Its Struggle for Liberty Against Corruption* (New York, NY: Peter Lang, 1989), 1.
19. See S.M. Shumer, "Machiavelli; Republican Politics and Its Corruption," *Political Theory* 1979 (7:1), 5–34; and Nicholas G. Onuf, *The Republican Legacy in International Thought* (Cambridge, England: Cambridge University Press, 1998) pp. 44–47.
20. Jean-Jacques Rousseau, *On the Social Contract* (New York, NY: St. Martin's Press, 1978) pp. 59–64.
21. John T. Noonan, Jr., *Bribes* (Berkeley, CA: University of California Press, 1984).
22. *Ibid.*, 704.
23. Gabriel A. Almond and Sidney Verba, *The Civic Culture* (Boston, MA: Little, Brown and Company, 1965).
24. See Huntington; Scott; Michael Johnston, "Corruption and Political Culture in America: An Empirical Perspective," *Publius* 1983 (Winter), 19–39; and Robert D. Putnam, *Making Democracy Work, Civic Traditions in Modern Italy* (Princeton, N J: Princeton University Press, 1993).
25. There have been a variety of methods used to describe and categorize political cultures. Avner Greif, in "Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies," *Journal of Political Economy* 1994 (102:5), 912–950, uses only the collectivist and individualistic typologies. Daniel J. Elazar in his work on political culture (see his *American Federalism: A View from the States* (New York, NY: Thomas Y. Crowell Company, 1966); *Cities of the Prairie; The Metropolitan Frontier and American Politics* (New York, NY: Basic Books, Inc., 1970);

and *The American Mosaic* (Boulder, CO: Westview Press, 1994)) employs the typologies of individualistic, moralistic, and traditionalistic. Richard J. Ellis, in *American Political Cultures* (New York, NY: Oxford University Press, 1993), expands the typologies to five: individualistic, egalitarian, fatalistic, hierarchical, and hermetic. Arnold J. Heidenheimer, in his "Introduction" to A.J. Heidenheimer (ed.) *Political Corruption, Readings in Comparative Analysis* (New Brunswick, NJ: Transaction Books, 1970) offers four typologies: traditional family-kinship systems, traditional patron-client systems, modern boss-follower systems, and the civic-culture-based systems. The three typologies used in this article are a synthesis of these previous works on political culture and are in consonance with the use of threes in concepts developed within Onuf's constructivist analytic frame.

26. Greif, 913.
27. Elazar 1970, 474.
28. Elazar 1966, 92–93.
29. See Klitgaard, 69–74.
30. Greif, 913.
31. Elazar 1970, 474.
32. Elazar 1994, 230–232.
33. Elazar 1970, 474.
34. See Ellis.
35. See Dwight C. Smith, "Paragons, Pariahs, and Pirates: A Spectrum-Based Theory of Enterprise," *Crime and Delinquency* 1980 (July), 358–386.
36. Barry R. Weingast, "The Political Foundations of Democracy and the Rule of Law," *American Political Science Review* 1997 (91:2), 247.
37. Syed Hussein Alatas, *Corruption: Its Nature, Causes and Functions* (Aldershot, England: Gower Publishing Company Limited, 1990) p. 5.
38. Michael Johnston, "Comparing Corruption: Conflicts, Standards and Development," *Berlin, Germany*, August 1994, paper presented at the XVI World Congress of the International Political Science Association.
39. Barbara Geddes, "A Game Theoretic Model of Reform in Latin American Democracies," *American Political Science Review* 1991 (85:2), 374.
40. Ibid.
41. Barbara Geddes, *Politician's Dilemma, Building State Capacity in Latin America* (Berkeley, CA: University of California Press, 1994).
42. Geddes 1994, 40–41.
43. Andreas Schedler, "Conceptualizing Accountability," in A. Schedler, L. Diamond and M. Plattner (eds.), *The Self-Restraining State, Power and Accountability in New Democracies* (Boulder, CO: Lynne Rienner Publishers, 1999) p. 14.
44. Ibid.
45. Leonard R. Sussman, *The News of the Century, Press Freedom 1999* (New York, NY: Freedom House, 1999) p. 36.
46. Schedler, 14.
47. Adrian Karatnycky, *The 1998 Freedom House Survey, A Good Year for Freedom* (New York, NY: Freedom House, 1999).
48. Mathew S. Shugart and Scott Mainwaring, "Presidentialism and Democracy in Latin America: Rethinking the Terms of the Debate," in M.S. Shugart and S. Mainwaring (eds.), *Presidentialism and Democracy in Latin America* (Cambridge, England: Cambridge University Press, 1997) pp. 41–52.

49. Arend Lijphart, "Size, Pluralism, and the Westminster Model of Democracy: Implications for the Eastern Caribbean," in J. Heine (ed.), *A Revolution Aborted: The Lessons of Grenada* (Pittsburg, PA: University of Pittsburg Press, 1993) pp. 328–332.
50. James A. McCann and Jorge I. Dominguez, "Mexicans React to Electoral Fraud and Political Corruption: an Assessment of Public Opinion and Voting Behavior," *Electoral Studies* 1998 (17:4), 483–503.
51. Luis Salas and Jose Ma. Rico, *Administration of Justice in Latin America* (Miami, FL: Center for the Administration of Justice, Florida International University, 1993) p. 48.
52. Robert H. Jackson, *Quasi-States: Sovereignty, International Relations, and the Third World* (Cambridge, England: Cambridge University Press, 1990) pp. 1–11.
53. W. Drozdiak, "Swiss Still Looking for Mobutu Billions," *Washington Post* May 26, 1997, A21.
54. Guillermo O'Donnell, "Horizontal Accountability in New Democracies," in A. Schedler, L. Diamond, and M.F. Plattner (eds.), *The Self-Restraining State, Power and Accountability in New Democracies* (Boulder, CO: Lynne Rienner Publishers, 1999).
55. Michael Johnston, "Fighting Systemic Corruption: Social Foundations for Institutional Reform," *The European Journal of Development Research* 1998 (10:1), 85.
56. Timothy C. Earle and George T. Cvetkovich, *Social Trust, Toward a Cosmopolitan Society* (Westport, CT: Praeger, 1995) p. 3.
57. Francis Fukuyama, *Trust, The Social Virtues and the Creation of Prosperity* (New York, NY: The Free Press, 1995) pp. 29–31.
58. Fukuyama.
59. Mitchell A. Seligson, *Nicaraguans Talk About Corruption: a Follow-Up Study of Public Opinion* (Arlington, VA: Casals & Associates, Inc., 1999).
60. *Ibid.*, 57.
61. My typologies for social trust are developed from the discussion in Earle & Cvetkovich.
62. See Johann Graf Lambsdorff, "An Empirical Investigation of Bribery in International Trade," in M. Robinson (ed.), *Corruption and Development* (London, England: Frank Cass, 1998).
63. See Phil Williams, "Transnational Criminal Organizations and International Security," *Survival* 1994 (36:1), 96–113.
64. Theobald, 91.
65. Bryan T. Johnson, Kim R. Holmes, and Melanie Kirkpatrick, 1999 *Index of Economic Freedom* (Washington DC: The Heritage Foundation and Wall Street Journal, 1999).
66. Theobald, 95.
67. Johnson, Holmes, and Kirkpatrick.
68. *Ibid.*
69. Transparency International Corruption Perception Indexes are a compilation of several corruption surveys (a poll of polls). The 1997 index includes 7 different surveys, the 1998 index 10 different surveys. The surveys included Transparency International's Internet corruption survey, an international Gallup poll, and several surveys by international business research and consulting groups. The index is prepared for Transparency International by a team of researchers led by Dr. Johann Graf Lambsdorff at Goettingen University, Germany. Each state's score relates solely to the results drawn from a number of surveys and reflects the perceptions of a wide variety of respondents that participated in the surveys. The scores range from 0 (totally corrupt) to 10 (no corruption) and indicate only the corruption associated with foreign business transactions in each state.
70. See Johann Graf Lambsdorff, "Corruption in Comparative Perception," in A.K. Jain (ed.) *Economics of Corruption* (Boston, MA: Kluwer Academic Publishers, 1998); and Thomas

- D. Lancaster and Gabriella Montinola, "Toward a methodology for the comparative study of political corruption," *Crime, Law & Social Change* 1997 (27), 185–206.
71. Elazar 1970, 474, classifies cultural streams as traditional (collectivist), individualistic, and moralistic (egalitarian).
  72. From Sussman and Karatnycky.
  73. Johnson, Holmes, and Kirkpatrick.
  74. Fukuyama.
  75. GDP per capita data obtained from the *United Nations, Human Development Report 1998* (New York, NY: Oxford University Press, 1998).
  76. For examples, see Huntington, Scott, and Putnam.
  77. James Johnson, "Symbol and Strategy in Comparative Political Analysis," *Newsletter of the APSA Organized Section in Comparative Politics* 1997 (Summer), 6–9; and James Johnson, *Why Respect Culture?* (Rochester, NY: University of Rochester, 1997, an unpublished manuscript).

**Appendix A**

## 1997–1998 Transparency international corruption perception index scores

State	1998 Score*	State	1998 Score*	State	1998 Score*
Denmark	10.0	Czech Republic	4.8	Uganda	2.6
Finland	9.6	Jordan	4.7	Kenya	2.5
Sweden	9.5	Italy	4.6	Vietnam	2.5
New Zealand	9.4	Poland	4.6	Russia	2.4
Iceland	9.3	Peru	4.5	Ecuador	2.3
Canada	9.2	Uruguay	4.3	Venezuela	2.3
Singapore	9.1	South Korea	4.2	Colombia	2.2
Netherlands	9.0	Zimbabwe	4.2	Indonesia	2.0
Norway	9.0	Malawi	4.1	Nigeria	1.9
Switzerland	8.9	Brazil	4.0	Tanzania	1.9
Australia	8.7	Belarus	3.9	Honduras	1.7
Luxembourg	8.7	Slovak Rep	3.9	Paraguay	1.5
U.K.	8.7	Jamaica	3.8	Cameroon	1.4
Ireland	8.2	Morocco	3.7		1997
Germany	7.9	El Salvador	3.6	State	Score**
Hong Kong	7.8	China	3.5	Albania	1.0
Austria	7.5	Zambia	3.5	Algeria	3.0
United States	7.5	Turkey	3.4	Angola	2.6
Israel	7.1	Ghana	3.3	Bahrain	2.8
Chile	6.8	Mexico	3.3	Bangladesh	1.8
France	6.7	Philippines	3.3	Cuba	3.5
Portugal	6.5	Senegal	3.3	Cyprus	6.6
Botswana	6.1	Ivory Coast	3.1	Iran	3.0
Spain	6.1	Guatemala	3.1	Iraq	0.8
Japan	5.8	Argentina	3.0	Kuwait	4.7
Estonia	5.7	Nicaragua	3.0	Lebanon	0.5
Costa Rica	5.6	Romania	3.0	Libya	3.5
Belgium	5.4	Thailand	3.0	Myanmar	0.8
Malaysia	5.3	Yugoslavia	3.0	Oman	3.6
Namibia	5.3	Bulgaria	2.9	Panama	1.7
Taiwan	5.3	Egypt	2.9	Qatar	3.7
South Africa	5.2	India	2.9	Saudi Arabia	2.6
Hungary	5.0	Bolivia	2.8	Sri Lanka	4.2
Mauritius	5.0	Ukraine	2.8	Syria	3.7
Tunisia	5.0	Latvia	2.7	UA Emigrants	3.4
Greece	4.9	Pakistan	2.7	Zaire	0.0

Scale: 0 (totally corrupt) to 10 (no corruption).

\* 1998 Scores from Transparency International, 1998 Corruption Perceptions Index.

\*\* Additional scores for 1997 from Lambsdorff, "Corruption in Comparative Perception."