

CORRUPTION

Expanding the focus

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**Edited by Manuhaia Barcham,
Barry Hindess and Peter Larmour**



Australian
National
University

E PRESS



Published by ANU E Press
The Australian National University
Canberra ACT 0200, Australia
Email: anuepress@anu.edu.au
This title is also available online at <http://epress.anu.edu.au>

National Library of Australia Cataloguing-in-Publication entry

Title: Corruption : expanding the focus / edited by Manuhua Barcham, Barry Hindess and Peter Larmour.

ISBN: 9781921862816 (pbk.) 9781921862991 (ebook)

Notes: Includes bibliographical references.

Subjects: Corruption.

Other Authors/Contributors:
Barcham, Manuhua.
Hindess, Barry.
Larmour, Peter.

Dewey Number: 364.1323

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Cover design and layout by ANU E Press

Cover image: www.CartoonStock.com

Printed by Griffin Press

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ACADEMY OF THE SOCIAL SCIENCES IN AUSTRALIA

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Acknowledgements

The chapters in this book are based on papers presented some years ago at a workshop in Canberra. We are extremely grateful to the College of Social Sciences and Law, the Crawford School of Public Policy and the Research School of Social Sciences, all of The Australian National University, and to the Workshop Program of the Academy of Social Sciences in Australia, without whose assistance the workshop would not have been possible. As often happens with edited volumes based on workshops, versions of some of our contributions have appeared elsewhere and this is acknowledged in the chapters concerned. As often happens also many participants contributed far more to this collection than our table of contents suggests. We are particularly grateful for the energetic participation of David Armitage, J. Peter Euben, Mark Findlay, Seamus Miller and Tim Lindsey, whose contributions to this collection are not otherwise registered within it. We are grateful also for the invaluable guidance of two anonymous readers, the editorial assistance of Carolina Caliaba Crespo and Helen Moore, and the advice of Marian Sawyer.

1. Introduction: How should we think about corruption?

Barry Hindess

Like Caesar's Gaul, the contemporary literature on corruption can be divided into three parts,¹ with very little overlap between them. One part, by no means the largest or most influential, is, like this book, largely produced by professional academics. It is analytic and historical in character, focusing on how corruption has been or should be defined. The other two, while not uninterested in questions of definition, are more directly related to policy issues. They are produced by a shifting population of academics, policy professionals and activists who focus largely on the public sector and view corruption as improper conduct of a kind that, in the one case, has damaging economic effects and/or, in the other, deviates from the formal duties of public office. Few of those who write on corruption contribute to more than one of these literatures (notable exceptions are Euben, 1997; Johnston, 2006; Philp, 2007), although two of our contributors—Mulgan and Saxonhouse—make a point of relating their discussions of corruption in Western classical antiquity to the contemporary public policy treatment of corruption.

Much of the literature that focuses on the damaging economic effects of corruption is sponsored by the Organisation for Economic Cooperation and Development (OECD), the World Bank and international development agencies, and the international anti-corruption non-governmental organisation (NGO) Transparency International (TI). This literature is concerned with the impact of corruption on economic growth and, accordingly, tends to see corruption as a particularly serious problem for non-Western countries. Not surprisingly, this perspective also suggests that an important part of the corruption on which it focuses is likely to involve the conduct of Western businesses operating in these countries. Susan Rose-Ackerman, who has worked closely with the World Bank in her studies of corruption, presents a clear example of this approach in her *Corruption and government* (1999). She begins by asking why so many poor countries have low or negative rates of economic growth even when well endowed with natural resources or a highly educated labour force, as some of them are. An important part of her answer is corruption, which, she argues, is likely to be particularly severe in countries with 'dysfunctional public and

¹ Caesar's remarkably self-serving account of the Roman subjugation of the Gauls between 58 and 50 BC divides Gaul into regions inhabited by the Belgae, Aquitanians and Celts (whom the Romans call Gauls). Regions closer to Rome that were inhabited by Gauls, most of which had been brought under Roman control before Caesar began his campaigns, are not covered by his classification.

private institutions'. In her view, such institutional problems mean these countries will be characterised by 'a pervasive failure to tap self-interest for productive purposes' (pp. 1–2).

Rose-Ackerman takes as her benchmark for the identification of dysfunctional institutions 'the archetypical competitive market', which works to channel self-interest 'into productive activities that lead to efficient resource use'. She contrasts the workings of competitive markets with less desirable conditions in which people use resources not only for productive purposes, but also to obtain an advantage for themselves 'in dividing up the benefits of economic activity—called "rent-seeking" by economists' (p. 2). Since rent-seeking behaviour diverts resources from productive activities, it serves to restrain economic growth. *Corruption and government* suggests that, other things being equal, countries with high levels of public sector corruption will be poorer overall. The remedy lies in major institutional reforms of the kind promoted by the 'good governance' programs of the World Bank and other international agencies.

This developmental perspective commonly focuses on what it sees as the limitations of non-Western cultures, and especially on cases in which conduct that was once acceptable 'no longer fits modern conditions' (p. 6)—a focus questioned by Peter Larmour's chapter in this collection. In contrast, the problems that concern public regulatory agencies are largely within their own jurisdictions, so these agencies also tend to focus on the practical problems involved in their attempts to regulate the conduct of public servants and politicians. As part of this focus, such agencies clearly require a workable definition of corruption. For example, Section 8 of the Act that established the NSW Independent Commission Against Corruption (ICAC), which is itself modelled on the Hong Kong ICAC, identifies 'corruption' as the type of conduct that adversely affects the honest or impartial performance of official functions, involves a breach of public trust or the misuse of information acquired by officials in the course of their public functions.

As for the academic literature on how corruption has been or should be identified, we can hardly do better than refer to important papers by Peter Euben (1989) and Mark Philp (1997). First, Euben points out that the original—and still very common—use of the idea of corruption is to identify some damaging impurity, intrusion or distortion that prevented something from developing as it should. A foreign element in a chemical compound, stones in a packet of rice or seeds or decay in meat or vegetables are all examples of corruption. He notes that the *Oxford English Dictionary* gives several related meanings of corruption, most of them 'having to do with decay, degeneration, disintegration, and debasement. Corruption implies decay, where the original or natural condition of something

becomes infected' (Euben, 1989, p. 221). The image of corruption as an infection or damaging impurity of the body politic appears throughout the history of political thought, as the contributions to this volume show.

Second, a seminal paper by Mark Philp (1997) offers a closely related argument. After noting that several competing definitions of corruption are in play in contemporary debate (corruption is defined, for example, as conduct that damages the public interest, as deviating from the formal duties of office, as flouting legal norms or as an abuse of authority designed to maximise an official's income), Philp argues that definitional disputes have obscured the fact that the basic meaning of corruption is not in dispute: 'it is rooted in the sense of a thing being changed from its naturally sound condition, into something unsound, impure, debased, infected' (p. 29). If there is a problem with the definition of political corruption, he argues, it does not lie in any disagreement about the meaning of corruption itself but, rather, in the practical application of this understanding to politics. This is the result of a lack of general agreement about the 'naturally sound' political condition and thus about what should count as a deviation from that condition. To address this issue would be to enter a field of intractable debate that most students of corruption have preferred to avoid. I should add that Philp's point about 'the basic meaning of corruption' applies equally well in areas other than politics. Arlene W. Saxonhouse's contribution to this volume is a case in point; she discusses the uses of the concept of corruption in relation to literary genres.

Leaving this last issue to one side for the moment, we can say that two assumptions, which this book aims to question, dominate contemporary discussion of corruption: *first*, that corruption is primarily an economic issue, both in its content (the exchange of money for favours) and in its most important effects (on economic growth, development, and so on); *second*, that corruption involves a blurring of the distinction between public and private. These assumptions are often joined by a *third*, which we also dispute: that, while corruption is universal, its most significant impact is likely to be found in developing countries. Corruption is thus presented as if it were a matter of misconduct on the part of public officials who are seen, especially in poor countries, as pursuing their own private interests and likely to act corruptly in return for money and other favours, thereby undermining economic development.

Our subtitle, 'Expanding the focus', suggests two closely related responses to this conventional understanding of corruption. One is that it is far too narrow and the other is that there is much to be gained from rejecting the view that the most important issues around corruption concern its impact on economic

activity² and, consequently, from taking a broader view of the significance of corruption. The essays in this book show that viewing corruption as a matter of public officials pursuing their private economic interests is considerably narrower than the view of corruption to be found in earlier periods of Western thought.

Before considering these chapters directly, however, it is worth noting a few of the ways in which corruption has been understood in the history of the West. We begin with the monumental *History of Rome (Ab Urbe Condita Libri)*, written by the Roman historian Titus Livius (Livy) (59 BC – AD 17). After noting how the Romans had acquired their empire, Livy's preface invites his imagined Roman reader to consider the Romans' 'morals, at first as slightly giving way...how they sunk more and more, then began to fall headlong until he reaches the present times, when we can neither endure our vices nor their remedies' (2006, p. 3). Livy's image of moral decay following the accumulation of wealth and power is significant for our purposes, not because it offers a new or interesting account of corruption, but because it re-emerges, many centuries later, in *The history of Florence* (1979 [1525]b, pp. 548–74), by Niccolò Machiavelli (1469–1527). Machiavelli had already written his own commentary on Livy (1979 [1525]a, pp. 167–418).³ Machiavelli's views on corruption are examined more systematically in Chapters 4 and 5 of this collection. For the moment the thing to say is that *The history of Florence* turns Livy's story of the move from success to moral decay into an account of societal corruption—a dangerous infection of the political community that appears and reappears in a cyclical pattern. Echoing arguments developed earlier by the Arab historian Ibn Khaldun (1332–1406 CE/732–808 AH),⁴ Machiavelli stresses that states 'always descend from good to bad and rise from bad to good':

For ability brings about tranquillity, and tranquillity laziness, and laziness chaos, and chaos ruin; and, in like manner, from ruin is born order, from order ability, and from this quality glory and good fortune. And so, prudent men have observed that literature develops after arms, and that in nations and city-states generals are born before philosophers. For after an effective and well-organized militia has produced victories, and these victories have ensured tranquillity, the strength of such brave

2 The economist Jeffrey D. Sachs (2006) argues that the impact of corruption on economic development has been much overrated.

3 It is easy to read Machiavelli's *History of Florence* as if it were structured by his interpretation of Livy, but this, in turn, may have been structured by his reading of Book 6 of Polybius's *The histories* (Hexter, 1956), written some 200 years before Livy's work (2006).

4 See Ibn Khaldun (Kalpakian, 2008; Katsiaficas, 1997), especially Chapters 18 (headed 'Sedentary culture is the goal of civilization. It means the end of its life span and brings about its corruption') and 30 ('A refutation of philosophy. The corruption of the students of philosophy'). The parallels between Machiavelli's and Khaldun's cyclical accounts of the history of states are undeniable, but it is not clear whether Machiavelli knew of or was influenced by Khaldun.

minds cannot be corrupted with a more honorable laziness than that of literature, nor can this laziness enter into well-organized cities with a greater and more dangerous deception than with that of literature. Cato was well aware of this when Diogenes and Carneades, both philosophers, came to Rome as ambassadors to the senate; when he saw that the Roman youth began to admire these men, aware of the evil that could enter his native city as a result of the honorable laziness, he made it a law that no philosopher could be received in Rome. Nations have come to ruin because of this. (Khaldun, 2004, pp. 557–8)

Machiavelli and Khaldun see corruption as a product of the luxury that follows success. It would be easy to identify the corruption in this case with elite misconduct, as Syed Alatas's (1990) rendering of Ibn Khaldun's discussion suggests. Yet both Khaldun and Machiavelli treat elite misconduct as an important symptom of broader societal corruption, not as its cause. Corruption in this last sense—as a destructive societal condition—has what we would now regard as an obvious economic aspect in the form of luxurious consumption, but it is fundamentally a political problem, a weakness of the polity that manifests itself in various forms, including a militarily incompetent elite. Machiavelli offers a powerful view of corruption as a societal condition seen as neither an economic phenomenon nor a matter of blurring the division between public and private. Richard Mulgan's and Arlene W. Saxenhouse's contributions to this volume reinforce the point that corruption does not have to be understood as a matter of public versus private. Both authors show that, in the political thought of Western classical antiquity, the corruption of the body politic was not always seen in these terms. Instead, Plato and Aristotle viewed corruption in terms of a dualistic world view that contrasted an ideal realm of truth and goodness with the empirical realm of change and decay. To the extent that the ideal provided a standard with which to judge the empirical, any existing government could be seen as inescapably corrupt.

These examples show that, in the political thought of Western classical antiquity and late medieval Europe, corruption was commonly understood, as we believe it should be understood, as a condition of the body politic. Since the late eighteenth century this has not been the prevalent view held in the West and amongst the international agencies that the West dominates. In the past two centuries the term 'corruption' has been increasingly used to designate problematic behaviour on the part of one or more individuals, or behaviour that is often seen as a matter of using one's public office for the purposes of illicit private gain. Some commentators (for example, Euben, 1989, 1997) have deplored this development, seeing it as resulting from the triumph of liberal individualism and as leading to an individualistic and economistic view of corruption and a corresponding loss of concern with the public good.

Yet we do not have to return to the classics or to Machiavelli's Italy to find influential alternatives to the view that corruption is primarily an economic phenomenon. Lisa Hill's discussion of Adam Ferguson in Chapter 6 reminds us that, in his analysis of the problems facing the commercial societies of his time, Ferguson drew on the same patrician story that Machiavelli had used of the moral decay of the Roman people with the rise of the Empire. Hill presents Ferguson as arguing that prosperous empires gave rise to specialisation, overextension and hedonism, which eroded the civic spirit. Although progress and commercialism were inevitable and natural, their effects should be countered by enhancing civic competence and awareness, including political activism. He saw conflict and factional divisions as providing citizens with the lessons that would underpin ongoing reform and promote the development of 'liberty and just government'.

I should add that about the time that Ferguson was speculating about the fate of commercial societies, we find David Hume (1711–76) worrying about the impact of political parties on the conduct of government but without using the term 'corruption'. His essay 'Of parties in general' (1987 [1777]) maintains that:

As much as legislators and founders of states ought to be honoured and respected among men, as much ought the founders of sects and factions to be detested and hated; because the influence of faction is directly contrary to that of laws. Factions subvert government, render laws impotent, and beget the fiercest animosities among men of the same nation, who ought to give mutual assistance and protection to each other. And what should render the founders of parties more odious is, the difficulty of extirpating these weeds, when once they have taken root in any state... They are, besides, plants which grow most plentifully in the richest soil and though absolute governments be not wholly free from them, it must be confessed, that they rise more easily, and propagate themselves faster in free governments, where they always infect the legislature itself, which alone could be able, by the steady application of rewards and punishments, to eradicate them. (p. 55)

Contemporary readers are likely to find that the most striking feature of this passage is its treatment of partisan politics as a kind of infection. Far from focusing on the economic impact of sects and factions, Hume is concerned with what he sees as their destructive political effects. The American Federalist James Madison (1751–1836) takes a related view in his discussion of the problem of faction:

By a faction I understand a number of citizens, whether amounting to a majority or minority of the whole, who are united and actuated by some

common impulse of passion, or of interest, adverse to the rights of other citizens, or to the permanent and aggregate interests of the community. (Madison, et al., 1987 [1788], p. 10)

It is worth noting that a faction in Madison's sense might well consist of a majority of the population. In contemporary terms, we might think of a faction as a pressure group, or simply as a person or organisation that is represented by one or more lobbyists. Madison's concern seems to be less with the overall effects of factions than with the possibility that a single faction might come to dominate legislation or other government action. Yet, as Hacker and Pierson (2011) argue with particular reference to the United States, there are grounds for concern, on the one hand, that the real business of government may be conducted less in cabinet offices and representative assemblies than in private negotiations between the government of the day and assorted lobbyists and, on the other hand, that electoral politics and factional disputes within and between parties may be little more than theatrical distraction. We might regard this condition as a kind of corruption, and one that is not attributable to the machinations of any single faction or interest.

If we were to accept Madison's view of the problem of faction, we would have to say that democracy itself is a significant source of governmental corruption, primarily because it secures conditions in which 'faction'—the partisan interests of a popular majority, or even of a powerful and well-organised minority—may be able to divert government from its pursuit of the interests of the community.

On the other hand, those who put their trust in democracy would have to say that the Madisonian distrust of faction is itself a likely source of corruption because elected officials and public servants who shared this view of the danger posed by popular majorities might be tempted both to ignore the issues raised by Hacker and Pierson and to subvert the machinery of democratic government.

Democracy was originally understood as one of three basic forms of government. Aristotle defined a state as 'a body of citizens sufficing for the purposes of life' (1988, pp. 21–2) and he went on to say that the state may be governed by the one, the few or the many. Democracy was the last of these cases: government by the many. Our contemporary idea of democracy, of government by the people, carries a similar sense. It is not a matter of government by the one, a king or a dictator, or by the few, an unelected ruling party or a military junta.

Aristotle was far from being an unequivocal supporter of democracy. Like other Greek philosophers, he regarded democracy as a source of a particular kind of political corruption (Farrar, 1988). The basic idea here is not very different from Madison's: that government by the people is in danger of being dominated by the poor—and poorly educated—majority, who might act collectively to form a

faction in Madison's sense. Whenever this happened, the conduct of government could be expected to reflect the ignorance and prejudices of this faction and it would be open to manipulation by unscrupulous demagogues. In fact, Roberts (1994, p. 11) argues that this negative perception of the majority dominated Western discussion of democracy until well into the nineteenth century.

When representative government began to develop about the end of the eighteenth century, it was not usually seen as a kind of democracy (in Federalist Paper No. 10, Madison called it a 'republic', arguing that a republic of this kind was superior to democracy) but rather as a defence against the dangers of popular rule. To be sure, it did give the people as a whole a limited role in government, and it was seen for this reason as a way of avoiding the kinds of corruption that had been associated with rule by a king or aristocracy (government by the one or the few). Yet, because it restricted the people to the election of those who would govern them, leaving the actual work of government in the hands of a minority of elected politicians and public servants, it was also seen as a way of avoiding the dangers that had traditionally been associated with democracy. The contemporary identification of democracy with representative government is a result of nineteenth and twentieth-century developments, and it involved a radical transformation of democracy's earlier meaning (Dahl, 1989, 1998).

I have argued that the view of corruption as a matter of public officials pursuing private interests is narrower than the view of corruption to be found in earlier periods of Western thought. Yet there is no reason to believe that the changing meaning of the term 'corruption' necessarily reflects any lessening of public concern with the condition of the body politic. While public-choice theorists may not draw explicitly on the older meaning of corruption, for example, it is clear that this group of economists and political scientists (Brennan & Lomarsky, 1993; Buchanan, 1978; Buchanan & Wagner, 1977) is very much concerned with what would once have been called corruption of the body politic; the same is true of the 'classical' liberalism of Friedrich Hayek (Gray, 1982). Or again, as I have argued elsewhere (Hindess, 2000), the early arguments in favour of representative government clearly present it as a means of keeping in check the corruption of government by any kind of factional politics that drew on the short-term interests of the poor and poorly educated majority. Much of the history of Western political thought since the emergence of this new form of government can be seen as focusing on the new sources of corruption created by the institutions it required—most especially, of course, on the opportunities it appears to create for politicians, public servants and business interests to pursue their own private advantage—or their factional view of 'the permanent and aggregate interests of the community'.

If these claims seem contentious, I would say only that many of the concerns that were once associated with the idea of corruption still play an important

part in public life. My discussion here focuses on the issues of impurity (or contamination) and faction. Before proceeding with this discussion, it is worth noting that, while there is a sense in which democracy can be seen as a source of corruption, there is another in which corruption is a threat to democracy. Popular control over government and political equality are central to modern understandings of democracy (International Institute for Democracy and Electoral Assistance, 2008), although both are clearly open to interpretation. Yet on almost any understanding of these terms, popular control and equality will both be subverted by corruption in the public sector. If the decisions of public servants are influenced by bribes or improper inducements offered by their political masters, there is no sense, however indirect, in which they are subject to popular control. Nor does the influence of bribery augur well for political equality between citizens.

Turning now to the issue of impurity, the political life of many contemporary states is organised, at least in part, around concerns about the presence of unassimilated alien groups within the community—Indians in Fiji, Muslims in Australia and the member states of the European Union, Christians and Muslims in India. The sense of impurity invoked in these cases suggests an obvious set of political solutions in the form of stricter immigration controls, citizenship tests or ‘ethnic cleansing’. This last term is a recent invention but the practices it refers to have played an important part in the history of most contemporary states (Mann, 1999). Impurity is at issue in another way in the anti-elitist appeals of populist politics. The underlying message of these appeals is that political and other elites—educational, cultural, economic—pretend to speak for the public interest but in fact represent only themselves (Sawer & Hindess, 2004). Populism is often regarded as a kind of extremism but it is a pervasive feature of modern states whose rulers generally claim to act in the interests of the people (Schedler, 1997).

While the word ‘corruption’ is not often used in relation to these issues, the concerns over alien intrusion and elitism both appeal to an underlying idea of impurity or distortion—in fact, to something like the original sense of corruption discussed by Euben and Philp. Using the example of New York City, Frank Anechiarico (Anechiarico & Jacobs, 1996) has argued that attempts to limit corruption amongst public officials may have destructive effects on the efficiency and effectiveness of the public service. The examples noted here suggest that there are dangers in taking the concern for purity too seriously. It is not obvious that corruption, in the sense of impurity, is something to be avoided.

I noted earlier that the problem of faction was a significant concern in the political thought of Hume and Madison. It has since been a major issue in liberal thinking about government. Indeed, if representative government can be seen

as avoiding one possible source of governmental corruption—the misguided enthusiasms of the people—it clearly opens the way for the corruption of government by professional politicians and public servants. This last has been the concern of populist politics on the one side and of public-choice theory and other forms of neo-liberalism on the other.

In fact, the history of representative government could be written as a story of attempts to limit the effects of the new sources of governmental corruption that it creates (Hindess, 2000). Populism addresses the issue by offering to replace conventional politicians with politicians of a different kind—that is, with political professionals who pretend not to be professional politicians. Inheriting the older tradition of distrusting the people, liberalism addresses the issue rather differently, through institutional design that aims to deal with the problem of faction: checks and balances, rational, bureaucratic administration and codes of conduct for public officials (Goodin, 1996). Where, as often happens, these devices are seen to be unsuccessful, it proposes a different approach: reducing the temptations of, or the opportunities for, corrupt conduct. Rose-Ackerman's influential study quoted above is an excellent case in point. Another approach is to reduce the amount of government responsibility—for example, by privatising government utilities and public services or by limiting the areas in which governments attempt to regulate economic activity. Rose-Ackerman's discussion focuses on the benefits of such changes. In effect, they promise to reduce the opportunities for corrupt conduct by reducing the scope for administrative discretion on the part of public officials, if necessary by privatising areas of government activity. Yet such reforms also have disadvantages, and it is far from clear that the positive effects always outweigh the negative. There are well-known problems with the process of privatisation itself—developments in Russia since the end of communist rule provide a host of flagrant examples (Krastev, 2004). There are equally familiar problems of a decline in standards—safety, security of employment, service provision—as a result of privatisation or a reduction in administrative regulation. My point here is not that privatisation is always bad or that state regulation and public provision of services are always good. It is simply that minimising the scope for certain kinds of corruption need not always be the most important concern.

Another of Rose-Ackerman's recommendations is that professional politicians and senior public servants should receive salaries that are competitive with those in private business. The assumption here seems to be that those who are well paid will be less susceptible to bribery than those who are not well paid. Yet, even if this were the case, this remedy would have the effect of creating a significant income gap between a cadre of professional politicians, senior public