Rethinking Corruption in an Age of Ambiguity

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Abstract

The central premise of the article is that the assumptions and approaches of the "anticorruption industry" that debuted in the 1990s framed the issue of corruption and substantially shaped scholarly inquiry on the subject. These assumptions and approaches also limited the ability to see other forms and patterns of corruption on the horizon. This article (*a*) critically reviews prevailing assumptions and approaches to the study of corruption during and especially after the Cold War, (*b*) examines the impact of economic frameworks and the anticorruption industry on post–Cold War scholarship, (*c*) explores contemporary forms of potential corruption, (*d*) argues that prevailing approaches to corruption may make it more difficult to see contemporary forms of the age-old phenomenon and are ill-equipped to study them, (*e*) considers how corruption might be reconceptualized to encompass the new forms, and (*f*) argues for a reintegration of ethics and accountability.

INTRODUCTION

Corruption may not be the world's oldest profession, but it is certainly one of the world's oldest themes. Through the ages, corruption has been the subject of literature, social and political discourse, law and public policy, and philosophical and religious texts, from Plato to the Qur'an and the Bible. Like *corruptus*, the Latin word from which it derives, the term corruption is morally charged, conjuring up failings of upright behavior or integrity.[1] But the meanings of corruption and the practices the word evokes change over time and place, as do the social and political uses of anticorruption campaigns in the hands of leaders, organizations, and political regimes. Scholarly definitions and approaches to the topic are also subject to the influences of time, place, and politics.

Corruption research over the past half century, especially over the past 15 or so years, has been substantially influenced by the perspectives, agendas, and resource opportunities of the field of international development, the study and practice of which has been dominated by economists. The development field morphed profoundly after the Cold War, embracing the "Second World" of newly post-communist Soviet and Eastern Bloc states and assuming the new priority of anticorruption. In the process, economists, development experts, and other scholars focused internationally and comparatively largely overtook domestic-oriented work on corruption by specialists in fields such as criminology, sociology of law, and political science.

This review concentrates on the most influential scholarship on corruption in the post–Cold War era. Cold War literature is reviewed selectively, with an eye toward that literature's resilience and later impact. I contend that the most common understanding of corruption today—"the abuse of public office for private gain," as put forth by the World Bank after the Cold War (World Bank 1997, p. 8)—highlights certain practices and forms of corruption while overlooking others. That definition makes it more difficult for people, including scholars, to see other forms of corruption that debuted over the past several decades with the privatization of government, the diffusion of global authority, and the development of new information technologies.[2]

Thus this article critically reviews contemporary approaches to the study of corruption in light of post–Cold War influences, explores contemporary forms of this age-old phenomenon, and demonstrates how current approaches limit the ability to recognize these forms. Finally, it considers how corruption might be reconceptualized to encompass new forms of corruption and better fit the current era, which is marked by the ambiguity of corruption as well as of ethics and by checklist-type accountability systems that privilege appearance over actual performance. I argue that a return to classic understandings of corruption, such as those revealed in texts such as the Bible and the Qur'an, may better serve both the study of corruption and practical efforts to counter it.

SCHOLARLY APPROACHES TO CORRUPTION IN A COLD WAR WORLD

Corruption was not always the "hot" issue (Sampson 2010, p. 262) it became in the 1990s and beyond, when corruption scholars were exposed to a new set of global influences. The

[1] The word corruption, according to political philosopher Mark Philp (1997b, p. 445), "is rooted in the sense of a thing being changed from its naturally sound condition, into something unsound, impure, debased, infected, tainted, adulterated, depraved, perverted, et cetera." "Corruption" not only has a long history in the West but also has a stellar cross-cultural history in other orbits, for instance, in Chinese, Asian, and Islamic environments (e.g., Alatas 1990, pp. 40–124; Philp 1997a). Sociologist Syed Hussein Alatas (1990, p. 11) emphasizes that "the problem of corruption is trans-systemic: that is, it inheres in all social systems—feudalism, capitalism, communism and socialism." See also Friedrich (2002, pp. 15–23), van Klaveren (2002, pp. 83–94), and Genaux (2002, pp. 107–21) for historical perspectives on corruption.

[2] For discussion of the impact of these transformational developments, see Wedel (2009, pp. 23–45).

editors of a 1964 article on bureaucratic corruption in *The American Behavioral Scientist* (Leff 1964, p. 8) prefaced it with this statement: "Among scholars the subject of corruption is nearly taboo." Today, it is unlikely that editors of a major scholarly journal would feel the need to justify an article on corruption.

Economists, political scientists, sociologists, anthropologists, criminologists, and legal specialists contributed to the literature on corruption during the Cold War. Economists and political scientists especially looked to develop an overarching theory and engaged in key debates. They could be said to dominate corruption scholarship.

Although scholars from diverse disciplines commonly found little convergence of approach to the study of corruption, many shared a focus on the "developing" or "Third" World.[3] That focus is intimately tied to the geopolitics of the Cold War, which helped define the field of international economic development and encouraged its study and practice. Economists often stumbled upon the issue of corruption in their exposure to developing countries.[4] Robert Klitgaard (1988, pp. 10, x), a case in point, assessed that "corrupt activities are more widespread—and more systematically embedded—in many governments of the developing world than in the West" and that "corruption is one of the foremost problems in the developing world." Political scientists, too, were often introduced to corruption while studying the Third World, albeit while concentrating on colonial and postcolonial states, not economic development like the economists. And political scientists, too, often shared the view expounded by economists, in the words of political scientist Joseph S. Nye (1967, p. 418), that corrupt behavior "is likely to be more prominent in less developed countries because of a variety of conditions involved in their underdevelopment."[5]

In the mid-twentieth century, anthropologists, in contrast to economists and political scientists, were already firmly entrenched as students of what became christened the developing or Third World. (In the traditions of both British social anthropology and American cultural anthropology, scholars went to the "field" to study exotic or small-scale societies that, by definition, were the Other.) For reasons we will explore shortly, anthropologists were largely silent on the corruption debate, even as they studied activities that other social scientists might label corrupt.

Thus, although the reasons were different, the Other was frequently the focus of corruption for economists, political scientists, and anthropologists alike. Sociologists, criminologists, and legal specialists, by contrast, tended to focus on the domestic front.

Each discipline brought to the subject its own definitions, frameworks, methods, and propensity to pronounce on policy questions and to design and implement policy prescriptions. I concentrate on the economics of corruption because it has enjoyed considerable influence relative to other disciplinary perspectives on corruption. Its definitions,

[3]The term Third World began to gain wide currency in the 1950s to denote countries that were not aligned with either the United States or the Soviet Union during the Cold War [see, e.g., the work of social critic Pascal Bruckner (1986), *The Tears of the White Man*]. Economists P.T. Bauer & B.S. Yamey (1980) and Bruckner (1986) demonstrated that what Third World or underdeveloped countries had in common (with few exceptions) was that they were actual or potential recipients of international economic development schemes and foreign aid, not hunger, poverty, stagnation, exploitation, or race. Bauer & Yamey (1980, p. 86) explained: "Official foreign aid has been the unifying characteristic of this huge, variegated, and utterly diverse collectivity ever since its components began to be lumped together from the late 1940s onward as, successively, the 'underdeveloped world,' the 'Third World,' and now, the 'South.' These expressions never made any sense except as references to a collectivity of past, present, or prospective aid recipients."

[4]Susan Rose-Ackerman's (1975) article in the *Journal of Public Economics* analyzed penalties for corrupt transactions in US law and conditions (pp. 197–98) and policy implications also grounded in those laws and conditions (pp. 202–3). Her subsequent 1978 *Corruption: A Study in Political Economy* (Rose-Ackerman 1978) referenced numerous examples at the federal, state, and municipal levels in the United States and the laws that apply to them.

[5]Nye (1967, p. 418) emphasized, however, that corruption is not "a uniquely Afro-Asian-Latin American problem."

frameworks, methods, and metaphors have widely pervaded the corruption literature and significantly shaped the policy discourse—and continue to do so.

Let's look first at how different disciplines define corruption. Definitions are keys that can unlock entire approaches, and how a social phenomenon like corruption is defined shapes the terms for analyzing it. The concept of corruption put forth by economist Rose-Ackerman, a pioneer in the economics of corruption, is typical of the discipline.[6] Rose-Ackerman (1978, p. 7) "essentially equate[d] bribery with corruption," as she expressed it. For economists, typical foci of corruption research were and remain: (usually illegal) activities—notably bribery, kickbacks, extortion, "speed money" (unofficial payment to move an issue through the bureaucracy), collusion, and fraud—and sectors—generally government procurement or service delivery, tax collection, customs agencies, and policing. Rose-Ackerman, who has been publishing on the economics of corruption since 1975, attributes the "wide range of productive research" in the field largely to a focus on "the piece of the broader concept most susceptible to economic analysis—monetary payments to agents." These payments are intended to "induce agents to ignore the interests of their principals and to favor . . . the bribers instead" (Rose-Ackerman 2006, p. xiv).

Rose-Ackerman's statement invokes the *principal-agent problem*, a framework commonly employed in the economics of corruption. A principal-agent problem arises when one party (the principal) employs another party (the agent) to do a job for him. The model, broadly influential in economics, political science, and public policy, underpins much corruption literature, though not always explicitly. A typical situation cited in the literature is that of the government bureaucrat (the agent) charged with carrying out a policy or program of the government (the principal). As Klitgaard (1988, p. 69) explains:

> A principal, such as [the head of a government internal revenue service], employs an agent—who for convenience sake is referred to with the feminine pronoun—interacts on the principal's behalf with a client, such as a taxpayer. . . . An agent will be corrupt when in her judgment her likely benefits from doing so outweigh the likely costs.

A concept that overlaps the principal-agent problem and also undergirds economics (and much other) literature on corruption is that of *incentives*. The problem for the principal is to devise incentives to ensure that the agent will act in the best interest of the principal. Incentives become distorted when the agent engages in *rent-seeking* (e.g., Inman 1987, Rose-Ackerman 1978, Srinavasan 1985), which happens when an individual, organization, or company expends resources or energy to obtain an economic benefit from another party empowered to render a favorable decision on a particular issue.[7] [Economist Jagdish Bhagwati (1982) developed the closely related, but broader, concept of "directly unproductive profit-seeking (DUP) activities," which has been widely influential in economics]. Rent-seeking reduces *efficiency* and results in *distortions*.

These concepts, precisely defined, live in the literature alongside medical metaphors—which, by definition, introduce bias, hiding certain features of an issue while highlighting others.[8] In these metaphors, parts of the human body are likened to parts of the economy. Failures of the system are regarded as disorders

[6]Economist Anne O. Kruger's (1974) article "The Political Economy of the Rent-Seeking Society" has been influential. The overarching issue addressed in the article is rent-seeking, a term that she coined, rather than corruption.

[7]A corporation's lobbying the government for subsidies is an example of rent-seeking behavior. The myriad ways in which individuals or entities lobby government for particular regulatory or tax policies that benefit their special interest (at the expense, say, of taxpayers or consumers) fall under the rubric of such behavior.

[8]See Lakoff & Johnson (1980, pp. 10–13) for an analysis and typology of metaphors.

that require redress.[9] Thus, corruption is an "illness" or a "disease [with] many ... strains and mutations" (Klitgaard 1988, pp. 7, 21). "*Pathologies* in the agency/principal relation are at the heart of the corrupt transaction" (Rose-Ackerman 2006, p. xvii, emphasis added).

Economists Rose-Ackerman and Klitgaard believed that corruption causes harm. They contended that corruption unequivocally damages the potential for growth or other aspects of economy and society—in contrast to some of their contemporaries who argued that bribery is efficient, enables the circumvention of repressive government regulations, or brings about other benefits.[10] When in 1988 Klitgaard (1988, p. 36) assessed that "the harmful effects of corruption greatly outweigh the (occasional) social benefits," that conclusion was not yet *au courant*. He opined that a 1983 World Bank paper was devoted to justifying what he suggested should be uncontroversial (p. 28): In the words of the authors, "corruption has a deleterious, often devastating, effect on administrative performance and economic and political development" (Gould & Amaro-Reyes 1983, abstract). Klitgaard (1988, p. 28) judged the report "typical of studies of corruption in developing countries."

In Klitgaard's analysis, corruption had *costs* that are not only about efficiency (including those resulting from "the waste and misallocation that often accompany [corruption]") and incentives (which "both officials and citizens [can] twist toward socially unproductive, though personally lucrative, activities") (pp. 39, 46). Klitgaard also identified political costs of corruption, notably those deriving from lack of equitable distribution (in which resources are reallocated to the wealthy and powerful) and politics (with corruption breeding popular distrust that can destabilize regimes) (pp. 44, 46). Tellingly, the most convincing work in economics (or grounded in economic analysis), such as that of Klitgaard and Rose-Ackerman, has attempted to factor politics into the equation. Rose-Ackerman's (1978, pp. 2–3) landmark *Corruption: A Study in Political Economy* explains why:

> The standard techniques used to analyze private markets are not adequate to the problem [of corruption]. Neither the decision by a politician to trade votes for bribes nor the corrupt bureaucrat's dealings with politicians and interest groups can be treated as simple extensions of the profit-maximizing calculus of the private entrepreneur. Since both politician and bureaucrat operate in distinctive institutional frameworks different from those of competitive theory, a simplistic application of market analysis is not sufficient.... Political and bureaucratic institutions provide incentive structures far different from those presupposed by the competitive market paradigm.[11]

Economists, however, were largely blind to these differences and largely oblivious to the complexity of political and bureaucratic institutions.

While purely economic analysts concentrated on modeling, removed from the messiness of political and historical context, other social scientists were generally much more attuned to such context. Colonialism was in retreat in the 1950s and 1960s, and postcolonial governments were coming into being in Africa and Latin America. Grappling with the intellectual debates of the day, political scientists pondered corruption in the context of these real-world events and emerging systems. Their definitions and approaches to the study of corruption emphasized the violation of norms and formal rules. Nye

[9]Medical metaphors are common, not only in the development and corruption literature, but in the economics literature more broadly (see Kornai 1983).

[10]See, for example, Nathaniel H. Leff's (1964) article "Economic Development through Bureaucratic Corruption." Lambsdorff (2006, p. 4) summarizes the economics literature that contends that corruption can be beneficial.

[11]Rose-Ackerman (1978, p. 3) also faults political scientists for "fail[ing] to develop a general theory describing the way tradeoffs between competing goals are made."

(1967, p. 419) defined corruption as "behavior which deviates from the *formal* duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains; or violates *rules* against the exercise of certain types of private-regarding influence." Like the economists, he addressed the question of whether corruption is beneficial or harmful in less-developed countries, employing cost-benefit analysis to sort it out. He not only considered economic development but added a political twist to also examine national integration and governmental capacity (p. 419). With certain exceptions, he concluded, "The costs of corruption . . . will exceed its benefits" (p. 427).

Writing in 1968, political scientist Samuel P. Huntington (2006 [1968], p. 59) defined corruption similarly as "behavior of public officials which deviates from accepted norms in order to serve private ends." He analyzed corruption in colonial and postcolonial states in the context of modernization theory of the 1950s and 1960s. Because such states lack "effective" political parties, he claimed, corruption serves a crucial role (p. 71). It flourishes amid disorganization, and "modernization breed[s] corruption" (pp. 71, 59). One key reason, he noted, is that "[c]orruption is . . . a product of the distinction between public welfare and private interest which comes with modernization" (p. 61).[12] These distinctions could be especially stark among colonized nations where Western bureaucratic methods clashed with indigenous ways that emphasized blood or clan ties. In this gap, it was reasoned, corruption could flourish (Huntington 2006 [1968]; Scott 1972, pp. 11–12). The public-private distinction, of course, is undergirded by the Weberian model of Western bureaucratic rationality.

Another political scientist, James C. Scott, soon entered the discussion, advising conceptual caution. A definition of corruption "limited to *illegal* private-regarding behavior in a *public* role, excluding acts which are either not covered by law or are legally ambiguous, and focusing on the public sector" (Scott 1969, p. 318) distorts comparison across countries by failing to take into account the fact that public- and private-sector standards vary from country to country, as does the gap between legal norms and actual practice. This failure, he contended, had been biasing "comparison against developing nations in ways that have generally been overlooked" (p. 321).

The pertinent question, Scott wrote, is how different political systems facilitate different kinds and levels of corruption and the effects of corruption in each system. Factors such as the existence of an election system, the extent to which wealthy elites are organized, and the levels of ethnic and religious barriers to participation in a formal political system will play a role (Scott 1972, p. 23). It follows, Scott (1969, pp. 322, 340) claimed, that corruption should be viewed from the standpoint of political influence instead of social norms and that corruption is one potential pathway to political influence. All political systems, he explained, have different routes through which wealth influences policy (Scott 1972, p. 23). Means of influence that would be considered legitimate in one system (such as earmarks or lobbying for special interests) can breach formal standards of conduct in many developing nations, Scott (1969, p. 340) pointed out, and focusing on "the formal status of similar behavior" (such as whether a behavior is legal or not) can yield "misleading results" (pp. 318, 319). Whereas Nye (1967, p. 419) questioned whether corruption facilitates national integration, governmental capacity, and economic development, Scott (1969, p. 340) argued that to address these questions one must first ask "who benefits in what ways from what kinds of corruption." And corruption, he insisted, "must be understood as a regular, repetitive, integral part of the operation of most political systems" (Scott 1972, p. viii).

[12]In this understanding, corruption is a product of the advance of the modern nation-state in the late eighteenth and nineteenth centuries, in which detailed civil service codes, representative bodies, and mass participation heralded a reinvention of government office (and even royal position) from a "private right into a public responsibility" (Scott 1972, p. 7).

From Scott's (1972, p. 26) analysis, it follows that corruption would be most prevalent under conditions in which the formal political system cannot handle "the scale or nature of demands being made on it," with those who feel disenfranchised from formal power drawn to corruption as an informal path to influence. Scott was writing during the postcolonial period, but his thinking would appear prescient later, as the same dynamic would again play out during the post–Cold War era.

While economists and political scientists were engaging corruption explicitly, many anthropologists were instead in the field, conducting ethnography and exploring corruption implicitly in some of the very places where today other social scientists might see corrupt practices.[13] Their approach was grounded in the holistic perspective of the eminent philosopher and economic historian Karl Polanyi (2001), who held that the economy, far from being autonomous, is embedded in social relations, politics, and religion.[14] [His "substantivist" standpoint contrasted sharply with the "formalist" view, which presumed rational decision making and conditions of scarcity (e.g., Frankenberg 1967).][15] Anthropologists, in studies of precapitalist, postcolonial, and communist societies, pioneered research on informal social and economic exchange systems, reciprocity, informal economies, patron-client relations, and social networks, engaging with concepts and practices that lie at the heart of corruption.[16] There they observed the blurring of public and private spheres and a variety of ways of organizing them. They learned that clear institutional divisions between public and private are not universal. That may be a key reason anthropologists were largely silent in the corruption debate, as anthropologist Davide Torsello (2011, p. 3) later assessed:

> The public sphere is not easily defined, rationally, in opposition to the private one, where economic and political strategies, structures and representations constantly bring about the primary necessity to bridge, or to find a constant contact between the two spheres. Institutions are the rules of the games also in anthropological evidence, but they are so in that they are made up by people, through their agencies, discourses, ideas which do not necessarily reproduce the kind of artificial reality present in a vacuum that the Weberian rationality called for. Hence, anthropology cannot feel at home with such a definition for the practical reason that virtually all the anthropological scholarship on non-western societies proves the incongruence of this point.

Like anthropologists, other scholars—criminologists, sociologists, and legal specialists—sometimes studied phenomena that might be considered corruption (or close to it) without using the term. Their purview included white collar crime, which dealt with both individual and organizational offenders and a subset of which was called (illegal) corruption.[17] Recognizing that political actors often aided and abetted "organizational crime" in particular, some scholars looked into the role of such actors, advanced political explanations, and joined political scientists in investigating

[13]For elaboration of this point, see Torsello (2011, pp. 3–4).

[14]As Polanyi et al. (1957, p. 250) wrote, "The human economy . . . is embedded and enmeshed in institutions, economic, and noneconomic. The inclusion of the noneconomic is vital. For religion and government may be as important for the structure and functioning of the economy as monetary institutions."

[15]See Block & Somers (1984) and Hann (1992) for analysis of Polanyi's intellectual pedigree and contributions.

[16]See, for example, anthropologists' work on informal exchange systems on virtually every continent [e.g., Larissa A. Lomnitz's (1971) "Reciprocity of Favors in the Urban Middle Class of Chile," Janet MacGaffey's (1983) "How to Survive and Become Rich Amid Devastation: The Second Economy in Zaire," Carol B. Stack's (1974) *All Our Kin: Strategies for Survival in a Black Community*, Janine Wedel's (1986) *The Private Poland: An Anthropologist's Look at Everyday Life*, and Mayfair Mei-hui Yang's (1989) "The Gift Economy and State Power in China"].

[17]See criminologist John Braithwaite's (1985) "White Collar Crime" for a review of seminal works in this field. Organizational violators included government agencies as well as major corporations (e.g., pp. 7–9). On corporate crime, see, for example, Clinard & Yeager (1980) and Clinard (1983).

"political corruption."[18] The study of political corruption in the United States, whether by criminologists, sociologists, legal analysts, or political scientists, was further energized by scandals of the 1970s and 1980s, notably Watergate,[19] the Savings and Loan crisis, and the Iran-Contra affair. In contrast to scholars from the other disciplines here discussed, criminologists, sociologists, and legal analysts worked largely in their home countries.

After the Cold War, political science, sociological, anthropological, criminological, and legal perspectives would play second fiddle to a corruption conversation dominated by economic frameworks. And although all corruption researchers would operate under the new set of circumstances that developed after the Cold War, one professional group—economists—would be best positioned and most inclined to connect scholarship with policy consulting and advocacy.[20] If corruption is a disease, it follows that "skillful surgeons" (Klitgaard 1988, p. xv; Noonan 1984, p. 700) could cure it. Soon, many assessments and analyses of corruption would be done in the service of prescriptions and actions. Economists, in particular, would sign up for the role of the surgeon.

THE ADVENT OF AN ANTICORRUPTION INDUSTRY

To evaluate corruption scholarship after the Cold War, it is necessary to understand the changed landscape of international relations and development amid which scholarship was produced. Corruption made a fresh debut after the Cold War, and scholarship on the subject of corruption swelled. The latter fact cannot be divorced from the much-escalated policy and media attention assigned to the topic and the "anticorruption industry" that arose, replete with considerable resources and institutional backing to study and advise on the issue. To examine the relationship between the attention and resources devoted to corruption, on one hand, and corruption scholarship, on the other, it is necessary to first explain how corruption as an issue got "hot."

A brief detour to the geopolitics of the Cold War is required to make sense of what happened later. During the Cold War, the West needed—and bought through foreign aid—the loyalties of Third World dictators, who sported Swiss bank accounts (where they stashed some of their countries' aid-supplied GDP), mansions on the French Rivera, and their own private jets. But when the Cold War came to a close, so did the blanket tolerance for corruption. Corruption could now be confronted without threatening the loss of an ally. As one observer (Bajolle 2006, p. 6) put it:

> The anticommunist dictators lost their usefulness to the Western world and the support that they had enjoyed heretofore. When their rule ended, they were then presented to the public as greedy, evil kleptocrats. These "revelations" converged to feed the anticorruption cause.

To make a practical difference, of course, the cause had to be translated into action. The action came from diverse quarters, as anthropologist Steven Sampson (2010), who both studies and consults on anticorruption efforts, has seen firsthand. He wrote in 2010 that, over the past decade, "driven activists, pressured institutions, and hard-nosed businessmen seem to have come together to put anticorruption onto the policy agenda" (p. 273). Their efforts have coalesced into a kind of "*international consensus about corruption being a major problem* for development" (p. 273).

[18]For definitions of and approaches to the study of political corruption, see Heidenheimer et al. (1989a).

[19]Regarding the Watergate scandal energizing scholars researching political corruption, see, for example, Braithwaite et al. (2007, p. 2). See also Lilly et al. (2011, p. 10) concerning criminologists and Peters & Walsh (1989, p. 723) concerning political scientists.

[20]Economists like Klitgaard had a head start. Klitgaard (1988) had already proffered (thoughtful) recommendations in his 1988 *Controlling Corruption* (with chapter titles such as "Policy Measures" and "Graft Busters: When and How to Set up an Anticorruption Agency"), informed by working with policymakers in developing countries.

Who were the players arriving at this consensus?

The World Bank, the foremost global development agency, served as a major catalyst. In 1996, World Bank President James Wolfenson delivered a landmark talk on fighting the "cancer of corruption" at the World Bank–International Monetary Fund annual meeting. That event, seen as a seminal one, helped mobilize an international anticorruption movement. Corruption was added to the Bank's development agenda, and an effort was made to mainstream anticorruption efforts and to include a plan to deal with corruption in each Country Assistance Strategy. In the early to mid-1990s, the great challenge taken up by the international financial institutions, including the World Bank, and Western aid agencies was to help the countries of the former Eastern Bloc and former Soviet Union "transition" to free-market democracies.[21] In the mid-to-late 1990s, many of these same aid and development bodies pursued anticorruption efforts in the same region—and in many of the very same countries. The Bank commissioned dozens of "diagnostic surveys" and studies assessing corruption in these countries. Internal and outside experts (I among them[22]) were enlisted to carry out these surveys and studies or to help conduct anticorruption programs. Although not attracting as much splash, an emphasis, both in scholarship and practice, emerged on "good governance" nearly in parallel and overlapping with the anticorruption push.

The nongovernmental organization (NGO) Transparency International (TI) also played a critical role in drawing attention to the issue of corruption, defining the approach to it, and sponsoring anticorruption efforts. TI is best known for its Corruption Perceptions Index that measures perceived corruption in countries around the world, typically on the part of experts and businessmen (e.g., Lambsdorff 2006, p. 3). TI was founded in 1993 by former World Bank official Peter Eigen, a German economist, and several of TI's directors served previously in senior positions at the Bank (Harrison 2004, p. 140). A "full and productive partnership" with the Bank (Transparency Int. 1999, p. 2) was part of its modus operandi.

Although the mission and targets of the international anticorruption movement would evolve, for Eigen and his group of cocreators, the premier issue at the time was the bribes paid by foreign companies to officials in developing countries to secure business. As Eigen said in 1997: "A large share of the corruption [in developing countries] is the explicit product of multinational corporations, headquartered in leading industrialised countries, using massive bribery and kick-backs to buy contracts in the developing world and the countries in transition."[23] (An important point of context is that American companies were perceived to have been rendered disadvantaged due to the 1977 passage of the US Foreign Corrupt Practices Act, which prohibits American officials and corporations engaged in doing business abroad from bribing foreign officials. Given that their competitors were not subject to such constraints, American companies faced an uneven international playing field, some commentators contended.)

The anticorruption movement took off. Within a few years, Western governments and international organizations had incorporated corruption into their agendas, both as part of and separate from those of their development agencies. TI had set up chapters in many countries around the world. Corruption had become

[21] I describe how Western institutions took up this new challenge in *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe* (Wedel 2001a, pp. 1–43).

[22] I carried out a consulting project to help develop a strategy for the ECA (Europe and Central Asia) Social Development Team of the Bank and to identify potential entry points for anticorruption initiatives for the region. I also served as a consultant on corruption for a Bank-sponsored assessment of corruption in Poland.

[23] Transparency International Web site: **http://archive.transparency.org/news_room/latest_news/press_releases/1997/1997_07_31_cpi**.

a focus of much public attention and resources and the target of a worldwide effort to counter it.[24]

A 1998 manuscript, *Corruption and Integrity Improvement Initiatives in Developing Countries* (Kpundeh & Hors 1998), describes a growing

> mobilisation of the international community to combat corruption in developing countries. International organisations such as the World Trade Organisation, various United Nations agencies, the Organisation for Economic Co-operation and Development (OECD), the Organisation of American States, the European Union [EU], and the Council of Europe are now addressing corruption as an important policy concern. Lenders such as the World Bank and the International Monetary Fund, along with some regional financial institutions have begun to recognize corruption as a problem that adversely affects their work. Consequently, much human and financial effort is being devoted to curbing corruption.

What Sampson (2010, pp. 272–73) has called an "anticorruption industry," replete with "knowledge, people, money and symbols," was set in motion. It coordinated campaigns and programs and was propelled by organizations with big budgets set aside to "combat" corruption. These include the multinational World Bank and the United Nations Development Program (UNDP), the OECD, and other UN organizations, as well as national foreign aid agencies, notably the US Agency for International Development (USAID) and the United Kingdom's Department for International Development (DFID), and those of the EU (e.g., p. 268). These entities also encompassed NGOs and other private-sector players, the media, and the public (p. 262). Sampson writes that, due to the existence of this firmly ensconced industry (pp. 272–73),

> [a]nti-corruptionism now projects itself onto the global landscape as a series of policies, regulations, initiatives, conventions, training courses, monitoring activities and programmes to enhance integrity and improve public administration.... [It] is articulated in the key international conventions, national laws, regulations, NGOs platforms, training sessions, congresses, meetings, measurement tools and statistical indicators, which comprise the anticorruption industry.... If industries are anything, they are 'agenda setters'. Individual or sporadic activism by outsiders is gradually replaced, or enveloped by a process of institutionalisation, standardisation and by a globalised elite discourse that ensures that the issue remains on the agenda and obtains its own budget line, even if in revised or 'new improved' form.

Put another way, anticorruption became institutionalized. Institutionalization implies that "the resources, rhetoric and organisational interests ... lead an existence independent of the actual phenomenon of corruption itself," as Sampson (2010, p. 262) put it.

Resources and organizational interests, however independent of corruption itself, do not lead an existence independent of ideology and ideas. If anticorruption was "hot," the World Bank was the hotbed. With mostly economists at the helm, the Bank emerged as a key definer, sponsor, and molder of corruption discourse, anticorruption policy, and corruption scholarship. Not lacking in resources, Bank-sponsored economists were prime movers in shaping the approach to conceptualizing and studying corruption, in creating the theory to support it, and in developing anticorruption prescriptions.

[24]My experience with the anticorruption movement includes observation of anticorruption efforts of certain Western governments, the World Bank, and NGOs such as TI. I was a scholar based in eastern Europe where the World Bank implemented its first anticorruption efforts and where TI chapters were opened, a Bank consultant on corruption in the late 1990s, and a research fellow focused on corruption at the US Justice Department in the beginning of the 2000s (where I also served as a member of a United States–Ukrainian working group on organized crime).

ECONOMIC SCHOLARSHIP AMID THE ANTICORRUPTION INDUSTRY

It would be difficult to argue convincingly that corruption scholarship after the Cold War was unaffected by prevailing approaches of the World Bank and TI, the economists who dominated their interface with the outside world,[25] and the anticorruption industry in which they played a part. Having the largest presence in key institutions and best access to institutional and funding opportunities, economists enjoyed the most clout in the anticorruption policy world. And, with the Bank providing impetus, direction, and resources, they built a new body of corruption literature. Both the most influential corruption scholars and the intellectual godfathers of anticorruption were economists, and many of them were associated with the Bank, although the Bank-affiliated economists who were most influential and visible outside the Bank were not necessarily those who were the most influential inside it. (Not coincidentally, Western economists were also regarded as the prime arbiters of transformation in the former Soviet Union and Eastern Bloc—the very region where anticorruption programs would first be launched.)

Daniel Kaufmann, an economist at the Bank (from 1999 to 2008 a senior manager or director at the World Bank Institute), was prominently associated with the Bank's anticorruption work during the height of its anticorruption cachet (although he was not a prime mover in its main policy and operational work).[26] Rose-Ackerman (1999, p. xi), among the most frequently cited economists of corruption, wrote her 1999 book while a visiting research fellow at the institution and remarks that her year was a "transformative experience." Economist Johann Graf Lambsdorff, for his part, created TI's Corruption Perceptions Index that debuted in 1995.

A "new consensus" with regard to corruption developed during the 1990s, as political scientist Michael Johnston (2005) has written. This consensus "treats corruption mostly as bribery, and as both effect and cause of incomplete, uneven, or ineffective economic liberalization, with the state judged primarily in terms of the extent to which it aids or impedes market progress" (p. 6). The consensus operated on the premise that scholarship would not only describe problems but prescribe solutions, fully merging theory with practice. As the anticorruption industry shifted into high gear, the anticorruption work of the Bank, of TI, and of Western development and aid organizations was infused and informed by four (mostly unstated) assumptions and approaches. Aspects of them are rooted in the economic perspectives discussed earlier.

The point here is not that these assumptions and approaches are wrong. The point is also not to suggest that corruption, as defined and approached by the most visible operators at the Bank and TI, is not a problem. To the contrary, the breakdown of authoritarian (communist) states created myriad opportunities for corruption of all kinds—and much of it. The point is that these assumptions and approaches served to further the anticorruption industry and, in so doing, framed the issue of corruption and also helped frame scholarly inquiry on the subject. All four of the assumptions and approaches have influenced, sometimes even dominated, the scholarship on corruption that soared in the 1990s/2000s, encouraged by new public attention and resources. The point is also that these assumptions and approaches would limit the ability to see other forms and patterns of potential corruption on the horizon.

[25] Economists and economic approaches dominate the Bank, just as they do many arenas of public policy. Contemporary economists have been likened to the priests of medieval Europe for, until recently, their near-unquestioned infallibility and power. Consider, for instance, the mystique and aura of authority and wisdom enshrouding Alan Greenspan as chairman of the Federal Reserve and the reverence with which politicians and the media received his every pronouncement. [See, for example, social anthropologist Gillian Tett's (2011) lecture at George Mason University on April 15, 2011.]

[26] The World Bank Institute supports the Bank's operational work, whereas the Development Research Group and some other segments of the Bank are charged with conducting research.

That was the case even though in the 1990s, these forms were blatant: first in evidence in the former Soviet and Eastern Bloc countries—the very targets of the Bank's first anticorruption programs. These forms could also be found in the modus operandi of some transnational actors who were well integrated into Bank circles and prominently involved as advisors in helping bring free-market reforms to the region.

The four assumptions and approaches of the anticorruption industry consensus are as follows:

First, corruption primarily afflicts the Other. This assumption/approach is not surprising given that the anticorruption industry came on the heels of the Western push to transform the countries of the former Soviet Union and Eastern Bloc, with massive attention and resources devoted to that Other. Moreover, having the World Bank, the world's premier development institution (devoted to the Third World and after the fall of Soviet and Eastern Bloc communism, additionally the Second World), as a chief leader of the anticorruption charge could not help but reinforce the notion of corruption as an issue of these worlds, i.e., the Other, even when attention was paid to foreign bribe-givers.[26a] Anticorruption policies and programs were often an end goal of this work, and the line between corruption scholarship and commissioned work often blurred.

Anticorruption was now included in the list of development projects that would assist the Other, and scholarship—whether for reasons of conviction, pragmatism, lack of imagination, or some combination thereof—seemed to absorb the agenda. The Cold War era intellectual debate about the benefits versus the harms of corruption, with some scholars arguing the benefits, had waned. Any mention of the potential benefits of corruption nearly disappeared from the economics literature.[27] As Lambsdorff (2006, p. 4) observed in 2006, "Most economists . . . have become much less tolerant of corruption than their predecessors. Current research emphasizes the adverse welfare consequences of corruption." This near-disappearance, coupled with the convergence of opinion in the literature about the harms of corruption, coincides with the interests of the anticorruption industry. The new conventional wisdom has it that corruption holds back economic development and frustrates development goals.

Today, although major (especially finance-related) corruption scandals in the developed world in the late 2000s may have tempered the idea of corruption as primarily an affliction of the Other, the idea lives on in the corruption literature.

Second, corruption is country-specific, is largely endemic to a country, and primarily besets governments not private sectors. In this approach, the unit of analysis is a country, and corruption is conceptualized as engendered by influences internal to a country as opposed to outside ones. Further, corruption is principally a problem of a developing country's government, not its private sector (see, e.g., World Bank 1997, p. 11).

With regard to whether corruption originates in internal or external factors, this approach treated corruption as a phenomenon with causes emanating chiefly from the inside, despite documentation at the time that development assistance and foreign aid can facilitate corruption.[28] For example, although anticorruption Bank programs did include audits of contracts and add oversight staff, the notion that corruption could be spurred in any substantial way from the outside did not typically figure into the Bank's approach to studying corruption.

Then there is the concentration on government, the idea of the private sector as the

[26a]During the same general time frame, the OECD was working on and promoting acceptance of its Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, which targeted the OECD countries.

[27]Exceptions include works by Kwame Sundaram Jomo (e.g., Jomo 2001) and Mushtaq Husain Khan (e.g., Jomo & Khan 2000).

[28]Some studies, monographs, and media reports documented cases in which aid spurred corruption (e.g., Klitgaard 1990).

antidote to corruption and of privatization as a prescription for treating the ails of government. The belief was that, if the public sector—the source of corruption—could be minimized, corruption could be contained. This perspective played out in at least two fundamental ways. The first concerned streamlining government by shrinking opportunities for corruption in the public sector in terms of, say, decreasing the number of permits needed to start a business. That idea was reflected in the Bank's institutional reform initiatives, one of two major areas of its anticorruption work (World Bank 1997, p. 8),[29] which focused on reducing opportunities for corruption. (Institutional analysis is taken to mean examination of the institutions that affect the "performance" of the public sector, such as the recruitment, training, and promotion of public employees.)

The second way this containment perspective played out, the privatization of state-owned resources, often proved counterproductive from the point of view of anticorruption. Here the anticorruption industry and the privatizers of the 1990s pursued a mutual goal—privatization—and with limited debate in the standard economics literature. Moreover, scholarship and practice were intimately intertwined. Key architects of Russian privatization schemes, including Maxim Boycko, a central player in privatization, and Harvard professor Andrei Shleifer, argued that privatization would diminish corruption as well as increase efficiency (Boycko et al. 1996; see also Boycko et al. 1995). A shrunken state sector would simply not have as many opportunities to extract corruption (Shleifer & Vishny 1998).[30] This argument fit perfectly with the no-holds-barred, almost frenetic privatization push of the early to mid-1990s, underwritten by resources and ideology from the West. As I, an anthropologist, observed on the ground in eastern Europe in the 1990s (Wedel 2001a, pp. 49–50):

> The "economic man" of Karl Marx was to be transformed into the economic man of Adam Smith. The fact that the collapse of communism came on the heels of a worldwide movement toward privatization headed by international financial institutions and the development community added momentum.... It was in this spirit that privatization came to be seen as a yardstick of progress in the new democracies and that donors made it a mainstay of their aid efforts.... A USAID official based in Central Europe remarked that "privatization is our first, second, and third priority."

Privatization almost at all costs—at the expense of attention to creating regulatory and governance institutions as the backbone of a market economy and issues such as the potential for privatization-induced corruption—prevailed as near religion among economists and many decision makers in the 1990s.

The reality, though, was that unregulated privatization was a virtual guarantor of massive corruption, as a number of analysts documented in the 1990s.[31] Throughout the postcommunist world, insider political-business networks with inside information routinely privatized for themselves entire swaths of theretofore state resources and enterprises at fire-sale prices (see, e.g., Glinkina 1994; Grabher & Stark 1997; Levitas & Strzałkowski 1990; Nuti 1994; Shelley 1994, 1995; Stark 1990, 1992; Stark & Bruszt 1998). Although the ideology of privatization reigned supreme, the view from the ground revealed the rearranging of state assets into privatized or might-be-state, might-be-private entities, often with powerful players—themselves mergers of official and private power—at the helm (e.g., Kamiński 1996, 1997; Kamiński & Kurczewska 1994; Wedel 2001b, 2004). In Russia, for example, voucher privatization fostered the concentration of vouchers and property in a few hands (through

[29]The other major area of anticorruption work was public education.

[30]This idea has roots in Bhagwati's analysis of the "welfare consequences" of DUP (directly unproductive, profit-seeking) activities (Bhagwati 1982, Bhagwati & Srinivasan 1982).

[31]This is the case not only with regard to former Soviet and Eastern Bloc countries (see, e.g., Harrison 2004, p. 143).

unregulated voucher investment funds, for instance); managers retained control over most industries, and investors wound up owning very little (Appel 1997, p. 1; Nelson & Kuzes 1994, pp. 25–26; Wedel 2009, pp. 124–25). Privatization was rendered "a de facto fraud," as economist James R. Millar (1996, p. 8) put it, and the parliamentary committee that had judged the privatization scheme to "offer fertile ground for criminal activity" was proven right (Nelson & Kuzes 1995, p. 51). Then Russia suffered the mother of all privatizations: the loans-for-shares scheme, which crystallized the ascendancy of a breed of oligarchs who would fundamentally configure the nation's politics, economics, and society for years to come (e.g., Bivens & Bernstein 1998; Hedlund 1999; Kosals 2006, 2007; Kotkin 1998; Kryshtanovskaya 1997a,b).[32] E. Wayne Merry (2000), who had a bird's-eye view of the process as chief political analyst at the US Embassy in Moscow, later observed: "We created a virtual open shop for thievery at a national level and for capital flight in terms of hundreds of billions of dollars, and the raping of natural resources."

Harvard economist Shleifer participated in planning Russian privatization. At the same time he was modeling corruption in scholarly writing and defining it essentially as bribery (Shleifer & Vishny 1993) and at the same time he was promoting the benefits of privatization, also in scholarly publications, he was involved in designing voucher privatization in Russia and was supported by US aid awards for Russian reform to do so. And, although he was a noted scholar on both privatization and anticorruption (even delivering testimony before a congressional committee as a scholar on corruption) and while he was helping to craft the blueprint for the corruption-inducing privatization scheme launched in 1992, Shleifer, under sponsorship of US foreign assistance, allegedly defrauded the US government, according to the government,[33] and, as we shall see, also courted contemporary forms of corruption. Here the elements of the second assumption/approach served as blinders to scholars and practitioners alike. Here, too, the marriage of theory and practice could scarcely have been better consummated—and apparently more self-serving and destructive for both. And here, too, the writings of the Russian privatizers (e.g., Shleifer and Boycko) are illuminating because their argument—that a shrinking state sector would help minimize corruption—would prove to be so analytically flawed. A decade later, economist Lambsdorff (2006, p. 6) concluded that "[a]t the macro level[,] . . . the empirical findings provide little support for this proposition." In fact, "[c]orruption might just be shifted from the public to the private sector" (Lambsdorff & Cornelius 2000, pp. 76–77).

As news reports and scholarly works about oligarchs, "mafias," and transnational organized crime groups emanating from the former Soviet Union and Eastern Bloc began attracting mainstream attention [see, for instance, a 2000 World Bank report (World Bank 2000, p. xiii)], economists expanded the notion of fixing government by merely shrinking it to incorporating governance and institutions into their frameworks, which other social scientists had already been doing. In 2006, Kaufmann and two other Bank economists expounded on

[32]Involvement in the loans-for-shares scheme, which depended entirely on access to inside information, transferred control of many of Russia's prime assets for token sums to seven preselected bank chiefs. Boris Fyodorov (2000), a former finance minister, characterized the scheme as "a disgusting exercise of a crony capitalism, where normal investors were not invited. . . . [O]nly those who were friends of certain people in the government were invited. . . . These loans-for-shares unleashed a wave of corruption like never before."

[33]Following a multiyear investigation, in 2000, the Justice Department brought a $120 million fraud lawsuit against Harvard University and the Harvard principals in the USAID-funded project, Shleifer and Jonathan Hay (and their wives, later dismissed from the case). Justice alleged that Shleifer and Hay had been "using . . . inside information . . . influence . . . [and] USAID-funded resources, to advance . . . personal business interests and investments" (US Atty., Dist. Mass. 2000). The case culminated in 2005 with a negotiated settlement and the fee paid by Harvard a record one (McClintock 2006, p. 3). Harvard was fined $26.5 million; Shleifer, $2 million; and Hay, between $1 and $2 million (Bombardieri 2005).

the learning that had taken place over the previous decade thusly: "Today there is widespread consensus among policy makers and academics that good governance and strong institutions lie at the core of economic development" (Kaufmann et al. 2006, p. 52). Although, in time, economists saw that institutions mattered beyond privatizing them, these and other like-minded analysts had played a powerful role, leading scholarship and practice at the height of the reform and the anticorruption drive in a substantially different direction.

Third, corruption is illegal, is essentially a synonym for bribery or rent-seeking, and involves a single transaction in a single bureaucratic context. This approach/assumption mirrors the most common understanding of corruption, conveyed in the Bank's definition—"the abuse of public office for private gain." Following the Cold War writings of economists referenced earlier, the definition, which fits perfectly with the principal-agent approach, is typically taken to mean illegal and clear acts, such as bribery, and one-off transactions in a single venue. The individual, not the network, is the unit of analysis. Accordingly, anticorruption programs concentrated much attention on the administrative bureaucracy. A 1999 Bank program for the Europe and Central Asia region specifies: (*a*) "Economic policy reform (deregulation, tax simplification)," (*b*) "Civil service reform (moving to a professional, merit-based, well-paid civil service)," (*c*) "Public finance management (strengthening audit and procurement)," (*d*) "Legal and judicial reform (an independent and strong judiciary, development of the legal profession)," and (*e*) "Awareness building and public oversight (Ombudsman, client surveys, NGOs)" (World Bank 1999, p. 2).

The concentration on bribery, single transactions, and single bureaucratic contexts also meant that anticorruption prescriptions focused primarily on the rank and file. As I observed firsthand in the region in the late 1990s, a typical focus was more likely to be the customs official earning, say, $50 a month who accepts bribes to feed his family or the bureaucrat taking payments from businessmen in exchange for permits than the newspaper editor-in-chief who doubles as a member of parliament and a political leader.[34] Here again, definition, practical action, and economic scholarship interact and come together: The task of the analyst, as Rose-Ackerman (2006, p. xv) writes, is "to isolate the incentives for paying and receiving bribes and to recommend policy responses based on that theory."

By 2000, more research attention was being paid to structural and institutional relationships, such as the concept of state capture, defined as "the action of individuals, groups, or firms both in the public and private sectors *to influence the formation* of laws, regulations, decrees, and other government policies to their own advantage as a result of the illicit and nontransparent provision of private benefits to public officials" (World Bank 2000, p. xv). Although the idea of state capture incorporated a much-needed broader concept of interconnections of the public and private sectors, much of the state-capture research was at the same time quite narrowly focused, especially in its early incarnation. Much work, for instance, was devoted to the firm level, namely "the efforts of firms to shape the laws, policies, and regulations of the state to their own advantage by providing illicit private gains to public officials" (Hellman & Kaufmann 2001, p. 1). A critique (Omelyanchuk 2001) of a World Bank survey of 6,500 firms in 27 former Soviet and Eastern Bloc countries (Hellman et al. 2000)

[34]The issue of political corruption could, however, be raised with astute and creative leadership. Helen Sutch, a prime mover behind the effort to put corruption on the Bank's agenda and to make anticorruption a priority, did just that. As principal economist leading the governance and anticorruption work in Poland and Latvia from 1997 to 2000 (later Bank-wide sector manager for governance and anticorruption from 2000 to 2003), Sutch commissioned a study in Poland that included political corruption and that was carried out by an independent think tank. The results of the study were discussed with public officials, parliamentary representatives, and the media, drawing rare and useful public attention to the issue of corruption (J. Wojciechowicz, former World Bank Polish official, email correspondence, July 5, 2012; J. R. Wedel, personal experience with World Bank office and media in Poland).

argued that the survey's focus on small- and medium-sized firms omitted "grand captors" at the top political and institutional levels. Although some later work broadened the theory and empirical and geographical foci of research on state capture, during the height of the anticorruption industry, economic scholarship substantially followed the precepts of the third assumption/approach of that industry.

Fourth, corruption is conducive to analysis and comparison through metrics and ranking schemes. At the core of the anticorruption industry is the idea that corruption can be quantified, that metrics can effectively communicate in a single number the corruption of an entire country, and that these rankings facilitate understanding corruption through cross-country comparison. TI, with its Corruption Perceptions Index measuring perceived corruption on a country-by-country basis, appears to have played a key part in promulgating this belief. Economist Lambsdorff (2006, p. 3) developed TI's Corruption Perceptions Index, which he describes as "a composite index based on a variety of different elite business surveys and expert panels." TI's 1997 report explains (Transparency Int. 1997, pp. 61–63):

> The index is not an assessment of the corruption level in any country as made by TI or Dr. Johann Graf Lambsdorff . . . [;] rather it is an attempt to assess the level at which corruption is perceived by people working for multinational firms and institutions as impacting on commercial and social life. . . . The index is a "poll of polls."

The TI index grades countries with regard to the level of corruption they are perceived to have. A grade of ten indicates clean government, whereas zero denotes widespread corruption.

Although TI's Corruption Perceptions Index was (and probably remains) the best-known metric, it spawned a number of indices developed by the World Bank and many other entities. Corruption-ranking indices created a science of comparison,[35] in which disparate sectors and processes could be collapsed together to create one all-important number charged with conveying the essence or level of corruption in a particular country. Political scientist Ivan Krastev (2004) argues that corruption-ranking indices were essential in mobilizing momentum for the anticorruption industry and that they helped put the issue of corruption on the map. As he assessed: "Corruption was not any more about anecdotes and contextually sensitive analysis. The study of corruption was portrayed as similar to the study of inflation" (p. 33). And, crucially, metrics made corruption media-friendly without the need to investigate a specific case or news story. A regularly updated, soundbite-ready ranking is, in the words of a former TV business news producer during the 1990s, "an easy hook" for a simple story without much context.[36]

Nowhere would practice and scholarship appear to be more melded than in the production and use of indices and metrics. Although economists did not abandon their earlier focus on modeling hypothetical transactions, the economics of corruption largely turned to employing indices and large data sets—data purportedly comparable across countries—to make their arguments. Political scientist Johnston (2005, p. 4) writes that "[m]uch recent work has been cross-sectional, often applying statistical measures and models to large numbers of countries to account for their scores on various single-dimension corruption indices."

Also playing a part in corruption indices are prespecified variables, such as the nine corruption variables named by Rose-Ackerman (1999, p. xi; 2006) and Lambsdorff (2006, p. 4) (most of them identical, including the size of the public sector, the quality of regulation, the degree of economic competition, the structure of government, the amount of decentralization, and

[35] This trend has been criticized by anthropologists who have examined how ranking and measurement using impact and outreach variables are being employed to judge the activities of organizations (Clarke 2005, June 2010, Strathern 2000).

[36] Email from former CNN producer Linda Keenan, March 19, 2012.

the impact of cultures) or the six governance indicators developed by Kaufmann and two other Bank economists (Kaufmann et al. 2006, pp. 56–57) (consisting of political stability and absence of violence, government effectiveness, voice and accountability, regulatory quality, rule of law, and control of corruption).[37]

The use of metrics as analysis in cross-country studies spawned a body of corruption literature, some of it with rather sweeping conclusions. Especially popular have been correlative studies, with varying degrees of persuasive evidence regarding causality. We have learned, for instance, that corruption is

- positively associated with the extent to which "government regulations are vague and lax" in a sample of 26 African countries (Lambsdorff & Cornelius 2000, cited in Lambsdorff 2006, p. 7);
- significantly associated with income inequality (Gupta et al. 2002);
- significantly correlated with "higher military spending and higher arms procurement (as a share of either GDP or total government spending)" (Lambsdorff 2006, p. 33);
- possibly associated with negative GDP growth, though the many studies on this topic are often flawed methodologically and yield contradictory conclusions, according to Lambsdorff (2006, pp. 25–27); and
- possibly negatively correlated with democracy. [A long-standing argument is that democracy limits corruption by heightening competition for political positions and that, through elections, voters can hold officeholders accountable (Lambsdorff 2006, pp. 10–11). Lambsdorff's literature review yields the conclusion that only robust democracy limits corruption and only over the long-term.][38]

Research that relies on cross-country indices has often served to substitute for exploration of the complex social realities that underlie corruption. But such research, although promising an accurate global view of corruption and providing food for thought, often suffers from two flaws. The first, faulty metrics, lies in the fact that the measurement tools that are used "measure very different things, despite having similar-sounding titles" (June et al. 2008, p. 6). The second is that such indices often lack epistemological rigor and are often misused (e.g, Arndt & Oman 2006, Johnston 2001, Thomas 2010). Accordingly, Krastev (2004, pp. 48–49) poses these questions:

> What do we claim when we assert that [a] certain regime or certain period is more corrupt than [an]other? Do we claim that during this period the number of corrupt transactions has increased? Do we claim that the number of people involved in corrupt transactions has increased? Do we claim that corruption has reached the highest places of power? Do we claim that the social costs of corruption have increased? Do we claim that society as a whole is more tolerant to corruption, or do we claim these together?

In time, critique of the metrics-as-analysis approach to corruption has come from within the economics profession itself. Scholars such as Rose-Ackerman (2006, p. xxiv) and Lambsdorff (2006, p. 42) have acknowledged some limitations of cross-country statistical research. These limitations include the fact that corruption that is clustered in different sectors can still produce similar rankings (when like sectors are not compared with like sectors)[38a] and that the perceptions of businesspeople (the basis for some indices) may be different

[37] See also Kaufmann et al. (1999, 2005).

[38] For contextual analysis of the dynamics of democracy and corruption, see, for example, Della Porta & Meny (1997).

[38a] Obviating this, some World Bank economists developed and deployed separate anticorruption surveys for enterprises, households, and public officials. See, for instance, Anderson (1998).

from those of regular citizens.[39] However, acknowledgment from within the profession of limitations has remained . . . limited.

Taken together, the four assumptions and approaches of the anticorruption industry—compatible with and reinforcing each other—served as the buttress not only for the industry but also for much scholarship. Corruption defined as illegal and interchangeable with bribery and confined to a single venue made it easier to see corruption as an affliction of the rank-and-file bureaucrat. The equation of corruption to bribery and the popularization of ranking systems facilitated comparison across countries, however crude it sometimes appeared.

The prevailing definition of corruption promulgated the idea of the Other as corrupt: Corruption that was nearly the same as (illegal) bribery (with analysis stripped of context and history) and assessed on a country-by-country basis virtually assured that northern European countries (especially Scandinavian ones) would receive among the highest rankings, as they typically did, on the Corruption Perceptions Index (meaning they were relatively corruption free). In contrast, countries in Africa, the former Soviet Union, and South America often found their names toward the bottom of the list. [The United States, for its part, appeared in the top quartile in 1998 (18th of 85[40]), in the top ninth in 2005 (17th of 158[41]), and the top seventh in 2011 (24th of 182[42]).] It is hard not to wonder, following Scott (1969), whether the anticorruption industry was set up to prioritize bribery over, say, conflicts of interest by political elites—to prioritize labeling developing countries rather than developed ones as corrupt because the forms of corruption in the former are more visible and less likely to be legal. Further, the corruption rankings conveyed a morally tinged judgment, and the rankings reinforced the moral taint of a whole nation in one fell swoop.

Reinforcing the point were—and are—medical metaphors, with their built-in biases (e.g., corruption as disease or as cancer). Such metaphors convey a not-quite-conscious image of failure and damage that envelop and hurt the whole body—that is, in the case of corruption, a whole country or government.[43]

Through it all, the line between scholarship and the anticorruption industry was sometimes so blurred as to be indistinguishable. And the four assumptions and approaches would constrain understanding in the years to come.

LIMITATIONS AND PROMISES OF CURRENT APPROACHES

Although the variables that scholars such as Rose-Ackerman and Lambsdorff identified can be helpful as a starting point for examining corruption in a particular context, they can be only a start. Economists themselves began to suggest the need to delve deeper into the causes of corruption and to move away from analysis based on prespecified variables. Lambsdorff (2006, p. 42) acknowledged in 2006 "that the importance of studying the underlying structural and social causes of corruption suggests that future research should depart from the unidimensional assessment of corruption characteristic of most cross-country research."[44]

One response to the messiness of corruption-related phenomena has been to pay attention to issues such as trust and "social capital," even while reifying and trying to quantify them. Social capital is the intangible

[39] Some adverse practical implications that flow from the focus on metrics have also been acknowledged. If it is thought that corruption in a country can be accurately captured and expressed in one number, from there it is not such a large leap of faith to one-size-fits-all solutions.

[40] See table in Lipset & Lenz (2000, p. 113).

[41] See **http://transparency.de/Tabellarisches-Ranking.813.0.html**.

[42] See **http://cpi.transparency.org/cpi2011/results/**.

[43] Anthropologist Mark Hobart (1993, p. 6) has pointed out that "when the metaphorical images so frequently used in development discourse to justify policies are removed, the degree to which many theories require modification or rethinking is remarkable."

[44] Likewise, Khan (2006, p. 216) wrote that "the factors driving corruption and the effects of corruption can . . . vary widely."

assets of social networks and associational life that can be drawn on for economic, professional, or social benefit (e.g., Field 2003). The concept, which expanded in popularity in the 1990s and was adapted in the halls of the World Bank, is often juxtaposed with corruption. A subtitle on a Bank Web site devoted to the subject reads "Social Capital Can Prevent Crime and Violence."[45] Although social capital is often seen as the antidote to corruption, the very kinds of relationships of social capital that can empower a democratic, or an anticorruption, movement can also be the very kinds of relationships upon which corrupt practices depend. Anthropologist Alan Smart exposes this irony, noting that, although there is a profound overlap between social capital and corruption, the former "is widely treated as curing almost everything, while corruption is the source of most ails" (A. Smart, personal email correspondence, Apr. 9, 2012; see also Smart & Hsu 2007). Expounding on the context of corruption, anthropologist Jennifer Hasty (2005, p. 272) criticizes the view of corruption as "alienated, self-interested acts by greedy public servants." She argues that "forms of desire that fuel corruption are not merely selfish and private but profoundly social, shaped by larger sociocultural notions of power, privilege, and responsibility."

The reality is that anthropologists, sociologists, political scientists, and criminologists had been looking into the structural and social bases of corruption (as Lambsdorff suggests) for decades, employing frameworks such as patron-client relations, social networks, and informal social and economic exchange systems. These frameworks have become even more pertinent for understanding social patterns amid the vast "zones of ambiguity between the presence and absence of the law" (Comaroff & Comaroff 2006, p. 5) created by developments occasioned by the end of the Cold War. Amid seeming disorder, such frameworks crucially illuminate the social organization not only of corruption but of society more broadly. To offer just a few examples:

- Jane Schneider and Peter Schneider (1999, 2008) examine the Sicilian mafia's vast interlocking nexus of connections both within and outside the state.
- Mayfair Mei-hui Yang (1994, 2002) demonstrates that *guanxixue*, the gift economy in China, far from disappearing with the introduction of the market, helps to shape—and is shaped by—it.
- Caroline Humphrey and David Sneath (2004) show why economic and bureaucratic conditions, rather than cultural explanations, better explain higher levels of bribery and lower levels of public trust in South-East Siberia and Mongolia.

A key issue has been the definition of corruption. Much scholarly work has, explicitly or implicitly, found fault with the definition as "the abuse of public office for private gain." As detailed earlier, a foundational problem is that it is predicated on clear divisions that are not universal and cannot account for the varieties of organization of state and private spheres that underpin corruption. Countering that approach, a number of scholars have shown, through empirical research, how choosing a single objective definition is problematic to the analysis of corruption (e.g., Haller & Shore 2005, Johnston 2005, Nuijten & Anders 2007, Pardo 2004a, Torsello 2011, Wedel 2003). The world they describe is messier. Johnston (2005, p. 12) emphasizes that "'abuse,' 'public,' 'private,' and even 'benefit' are matters of contention in many societies and of varying degrees of ambiguity in most."[46]

[45]World Bank Web site: **http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTTSOCIALCAPITAL/0,,contentMDK:20186556~isCURL:Y~menuPK:418214~pagePK:148956~piPK:216618~theSitePK:401015,00.html**.

[46]For a theoretical and sociohistorical analysis of the "complexity and ambiguity of the public/private distinction" and perspectives on relationships among public, private, state, and market, see Weintraub (1997, p. xi) and Weintraub &

Another issue is the perspective on institutions. In time, partly under the sway of institutional economics, economists refined and extended variables to incorporate institutional analysis. Yet institutions cannot be reduced merely to "incentive structures that are part of the external environment faced by social actors," as political scientist Mlada Bukovansky (2006, p. 183) aptly puts it. Political scientists, sociologists, and anthropologists generally had already understood this. Through on-the-ground research, they had been discovering indigenous variables (and sometimes assessing prespecified ones), exploring their sociological and historical contingencies, investigating relationships among them, and formulating theories about the types of institutional arrangements in which corruption is embedded.

Political scientist Johnston (2005, p. 7), for example, looks at differences "in patterns of *participation* and strength of *institutions*" and in how the political and economic arenas are linked. His four syndromes of corruption—influence markets, elite cartels, oligarchs and clans, and official moguls—reflect "combinations of political and economic *participation* and *institutions*" (p. 3). Rasma Karklins (2005, p. 19–38), another political scientist, lays out a typology of postcommunist corruption, also from an institutionalist perspective.

Kumar (1997). With regard to the public-private distinction, anthropologists and historians have documented the situational and flexible nature of the line between public and private. For example, Gal & Kligman (2000, p. 41) and Gal (2002, pp. 77–95) discuss the ways in which the line between public and private can be negotiated. Yurchak (2002) observes two separate spheres *within* the Russian state, the "officialized-public" and the "personalized-public," which represent different types of practices that coexist and can overlap in the same context. Wedel (2001a, pp. 145–53) introduces the concept of "flex organizations," ambiguous entities, neither clearly official nor private, but exhibiting features of both. A number of scholars have analyzed the gender implications of the public-private distinction, explored the common assumption that men dominate the public sphere while women dominate the private one, and offered a reconstruction of the public-private dichotomy (Brenner 2011, Elshtain 1981, Hill 2001, Lyons 1998, Nelson 1996, Rabinowitz 1994, Scott 1999).

When scholars grapple with institutional interrelationships within a particular context, they are poised to make critical contributions. Anthropologist Italo Pardo (2004b) distinguishes between "low-level" and "institutional" corruption in the Italian public health service. Although the former "involves individual actors who do not generally operate—as part of a network—in collusion with others," the latter, operating at higher levels, "involves powerful people who run the [health] service and, through precise links, reaches well outside the health institutions, and indeed national boundaries, pointing to wider ramifications that at once thrive on institutional and legislative weakness and contribute to undermin[ing] the system" (p. 38). Legal analyst Lawrence Lessig (2011) expands on the notion of "institutional corruption" in another context: the United States. He seeks to understand "the decisions of institutions that gamble public trust on failed wars and special interests" (p. 383).

Just as institutions cannot be understood in isolation, the state, too, should not be reduced to the sum of its parts. "The state is not merely a sphere of individualizing discipline but a sphere of sociality and belonging as well as material accumulation," as Hasty (2005, p. 273) points out.

A related and long-standing line of inquiry concerns the role of the state in shaping the forms of corruption that emerge—and whether they are defined as such. Johnston's (2005) and Karklin's (2005) cross-country taxonomies, of course, are closely tied to the role of the state.

Political sociologist Peter Evans (1995) analyzes institutional capacities and state-society relations in comparative perspective, with an eye toward strategies for economic development. He finds that "predatory" states such as Zaire (now Congo) are lacking in bureaucratic institutions such as professionalism or meritocratic recruitment of civil servants that would offer political elites enough independence to refrain from corruption and capture by agents who might otherwise stymie development. In contrast, "developmental" states such as those of Japan or Taiwan, with their more "mature" bureaucracies, have more independence to pursue development—even as political elites use social networks to connect constituencies and the state as an organization (Evans 1995).

Rocca (1992, p. 414) goes further, citing fieldwork in China, to differentiate between "predatory" corruption, "when those in power make use of their position and thus preserve their monopoly," and "creative" corruption, "a means of renewing society and a vehicle of modernization." This pertinent distinction reveals the limits of Huntington's (2006 [1968]) argument for the functional role of corruption in poorly organized states. Building on this theme and also working in China, Smart (1999) establishes that, although decentralization produced by economic reform has multiplied the chances for local officials to take bribes, it has also reduced the ability of central authorities to oversee and crack down on rules. It may not be possible to separate corruption from development, he concludes.

And, following Smart, what is the difference between corruption and entrepreneurship anyway? This question is difficult to answer, even in some of the most advanced legal systems. It is not so far afield from questions and issues such as campaign finance or the deregulation of communications and banking in the United States, which can be analyzed in terms of political corruption (that is legal) or merely political influence.

Law,[47] of course, significantly shapes whether particular practices and phenomena will be defined as corruption and treated by the state as such, as anthropologist Josiah Heyman (1999) and the contributing authors show in *States and Illegal Practices*.[48] (This is not to say that states always uphold the law. They do not.) As Torsello (2011, p. 7) puts it: "Law is the sphere of significance and legitimacy through which corruption is accepted or rejected, conceived of and exploited by those in power."

Who is considered corrupt, and by whom? Anthropologist Elizabeth Harrison (2004) argues that the ability to define corruption as a gift or social duty or something other than corruption, signifies power, even if it is regarded by everyone as unacceptable. And anthropologist Gupta (1995), working in India, shows that corruption among lower-level bureaucrats is much more visible than that among high-level officials. That is because the lower bureaucrats take money "in small figures and on a daily basis from a very large number of people," whereas higher-ups "raise large sums from the relatively few people who can afford to pay it to them" (p. 384).

The same principle has been shown to apply to who goes to jail. In Latvia, for example, practically all cases of corruption that make it to trial involve small-scale bribery, according to anthropologist Klavs Sedlenieks (2004, p. 132). Political scientists Patrick Chabal and Jean-Pascal Daloz (1999, p. 99) make a similar point regarding certain African contexts. A similar dynamic in the United States, namely the low rates of prosecution of white collar crime compared with street crime, is widely discussed in criminology literature (e.g., Kritzer & Silbey 2003).

And, echoing Scott, who benefits from corruption? Laws on corruption may serve political elites but fail to gain widespread public legitimacy (e.g., Gledhill 2004, Pardo 2004a). Or, activities carried out by political elites or other parties with vested interests may be within legal bounds yet regarded by a wider public as morally corrupt (e.g., Pardo 2004a, p. 6). For example, is a bookkeeping practice no longer

[47]An important body of work discusses fluid relationships between governance and the law and the implications of legal pluralism (e.g., Benda-Beckmann et al. 2009, Comaroff & Comaroff 2006, Scheppele 2005, Silbey 2010).

[48]Anthropologists have shown that talk about corruption can be "one of the ways in which people make sense of politics and of the state" (Torsello 2011, p. 7). Michael Herzfeld (1993) explicates the mutual construction of bureaucratic practices and popular attitudes and the ways in which people negotiate being controlled and manipulated. Akhil Gupta (1995) illuminates how local citizens in India not only engage in corruption to gain access to scarce benefits, including soliciting information on how much to pay or how to bribe appropriately, but also talk about the state through the lens of corruption (see also Gupta 2005).

corrupt because Italy's premier Silvio Berlusconi made it legal to suit his interests? (The Italy puzzle is referenced in Haller & Shore 2005, p. 4.) Further, although law may appear to be clad in stone, it is riddled with ambiguity, as anthropologist Olivia Harris (1996) and the contributing authors of *Inside and Outside the Law* have written. Laws themselves are often ambiguous, as many scholars have written. In some political-legal systems, notably that of the United States, ambiguity of law helps sustain an entire set of legal professionals.

In other political systems, such as communist ones, law is notoriously established without standards that are independent of politics so it can be applied arbitrarily. In People's Poland, for instance (Morzoł & Ogórek 1992, p. 62):

> Laws were drawn ambiguously and imprecisely of set purpose—the better to apply arbitrarily. One could not rigorously ascertain whether someone was guilty of a given offense or whether a given act was criminal. The whole system was set up so as to make it possible that anyone subject to the system could be convicted or acquitted of one charge or another, at the complete discretion of state power. As a popular saying went: "Give me the person, and I'll find the law [that he broke]."

In such settings, it follows that people develop an ethical system in which legality systematically diverges from morality. As I wrote about Poland in 1986: "What is legal is often not considered moral; what is illegal is often considered moral. In considering how to obtain quality medical care, acquire tickets . . . , or emigrate—whether legally or illegally—people weigh moral and pragmatic concerns, but not legality" (Wedel 1986, p. 61).[49] This divergence is blatant when it comes to attitudes toward state property, which belonged to everyone and yet to no one. The common workers' practice of setting aside goods belonging to the factory, which was owned by the state, to take home for their side jobs was regarded as merely "lifting" and morally acceptable. In contrast, if a worker took goods that already had been set aside for personal use by a fellow worker, that was "stealing." And it was morally reprehensible (Firlit & Chłopecki 1992).

A universalist definition of corruption fails to take into account actors' intentions and the meanings and moralities that they and others assign to their activities. Anthropologists Itty Abraham and Willem van Schendel (2005) distinguish between what states regard as legitimate, or "legal," and what people regard as legitimate, or "licit." (Il)licit activities are those that are "legally banned but socially sanctioned and protected" (p. 22). Anthropologist Larissa Lomnitz (1995, p. 41) finds that people in rural Mexico differentiate between correct and incorrect corruption. Corruption, she writes, is deemed acceptable when its advantages "spill over to the rest of the population" (p. 41). Even people who engage in "corrupt" practices may do so in terms of their own ethics, which may defy outside views of what corruption is, as sociologist Marina Kurkchiyan (2003) documents.

Amid all this variance, law has been shown to have wider uses. Lawfare "always seeks to launder brute power in a wash of legitimacy, ethics, propriety," as Comaroff & Comaroff (2006, p. 31) see it. This laundering of law takes place alongside a normative rule-of-law movement with a wide agenda (such as financial transparency and managing risk through legal contracts), sometimes overlapping with the anticorruption movement and sometimes aided by corporate and financial interests. Comaroff & Comaroff (2004, 2006) question why the discourse of law and disorder are so often conjoined and why law is posed as the alternative to disorder. Relatedly, sociologist Susan Silbey (2010, p. 475) asks: "Do legal procedures and discourses offer mechanisms of commensuration . . . , real or otherwise, to manage what seems disordered among globally diverse norms, structures and processes?"

[49]Several scholars of communist and postcommunist societies have documented a similar divergence between what is legal and what is regarded as moral (e.g., Humphrey 1999, p. 199; Kurkchiyan 2003).

Where does this leave the art of comparison? Johnston (2005, p. 4) contends that little work of the past 15 years "has been broadly and systematically comparative." He attempts to find a balance between case studies that "can overstate contrasts and uniqueness" and comparative work that "tends to overemphasize commonalities," as societies characterized by high corruption do not simply depart from the ideal but also differ from one another (pp. 4, 9–10). The strength of Johnston's groundbreaking work lies in his attempt to combine the two approaches and his focus on "systemic corruption problems" (p. 11). He notes that when comparing countries, one must look not only at both perceived and traditional forms of corruption (such as bribery and patronage) but also, as noted earlier, at patterns of participation, institutions, and linkages between political and economic arenas (p. 7).

And what of the business of metrics (double meaning intended)? In time, pockets of innovation in the anticorruption and transparency/accountability space have arisen, where more nuanced and contextual measurement tools are being deployed. In the global North, donor agencies such as DFID, the United Kingdom's foreign aid agency (the Department for International Development), and the Swedish International Development Cooperation Agency have been at the forefront in developing political economy or power analyses of governance, including corruption, that are sensitive to local relations of authority, history, society, and politics. Some international NGOs, notably Global Integrity, have pioneered alternative measurement instruments to TI's Corruption Perceptions Index and related composite indices. Rather than measure corruption per se based on a single universal metric, Global Integrity's national, subnational, and sector-level indicators assess the opposite of corruption, i.e., transparency institutions and accountability mechanisms that are more amenable to both quantitative and qualitative analysis based on bottom-up, in-country, local reporting.

Yet none of the scholarly (or practical) approaches discussed here are fully equipped to address the highly flexible and mobile forms of corruption that began coalescing in the 1990s. If looked at through the lens that Scott (1969, 1972) proposed decades earlier, corruption, viewed as a pathway to informal political influence, would likely thrive during periods of upheaval, when the formal political system could not fulfill expectations (Scott 1969, p. 328). Scott's words in reference to the postcolonial period would also ring true with regard to the postcommunist period and beyond. Sociologist Alena Ledeneva (2006), although not using corruption as an analytical framework, shows how much this is indeed the case in *How Russia Really Works*. She details "informal practices"—from *chernyi piar* (manipulative political campaigning) to *dvoinaia bukhgalteriia* (double accountancy and financial scheming)—and demonstrates how some are deemed corrupt and illegal, whereas others are not. The state allies itself with certain actors over others, and what is regarded as corrupt is often so determined. In fact, as Ledeneva writes, "the violation of unwritten rules can result in the enforcement of written ones, which paradoxically makes it just as, if not more, important to observe the unwritten rules as the written ones" (p. 13).

Ledeneva's analysis raises questions worth considering for the parts of the world that supposedly are more economically advanced and democratic, including the United States. Might some of her axioms of post-Soviet business life—among them that "all firms keep double books" and that "one should avoid dealing with formal institutions by reaching informal agreements with their representatives" (p. 117)—find their parallels in the practices and relationships of campaign finance in the United States or in the Wall Street companies and relationships most involved in helping to bring about the 2008 financial crisis? To be sure, her maxim that one has to establish the "true identities of all agents involved" in a scheme in order to "decode it" (p. 154) would be found to apply much more widely.

Meanwhile, with regard to "corruption," the anticorruption consensus assumptions and approaches detailed earlier would continue to constrain exploration and understanding of corruption phenomena, albeit with perhaps less gusto than in the anticorruption heyday of the late 1990s/early 2000s.

CONTEMPORARY FORMS OF CORRUPTION

During the height of the anticorruption industry, a new class of power and money brokers was on the rise. Their cross-country and national opportunities mushroomed with such developments as the mass privatization of state-owned wealth and the advent of new global financial products enabled by new information technologies (Wedel 2009, pp. 1–15, 23–45). On the ground in eastern Europe, novel ways of brokering influence were observed in the activities of Western consultants operating in postcommunist spaces as they proffered prescriptions for transitioning to free-market economies (Wedel 2001a, pp. 45–49). I, an anthropologist, began charting the activities of certain prominent foreign-aid consultants as they operated across multiple spaces, performing multiple roles with multiple sponsors, without fully disclosing many of them. They were adept at "representational juggling" (Wedel 2009, pp. 17–18, 129–135).

Harvard economist Shleifer, for example, whom we encountered in an earlier section, played overlapping roles as he secured funding in the form of (highly unusual) noncompeted US awards (with help from Larry Summers, his friend, coauthor, Harvard colleague, and, in the Clinton administration, a high US Treasury official), advised the governments of both the United States and Russia, led Harvard's US government–funded economic reform project in Russia, and made personal investments in many of the same areas in which he was being paid to provide impartial advice (US Dist. Court, Dist. Mass. 2000; Wedel 2009, pp. 117–121).[50] All the while, he presented himself as an independent analyst. And, later, writing for *Foreign Affairs* about the Russian reforms, he describes himself simply as a Harvard professor judging the reforms (as successful, of course)—not someone who had helped design them (Shleifer & Treisman 2004).

In this and many other cases, basic questions—Who is he? Who does he represent? Who funds him? Where do his loyalties lie?—lacked straight answers or, at the very least, were difficult to get to the bottom of in anything close to real time. These players' modus operandi began to follow an observable pattern (Wedel 2009, pp. 5, 13–15). The representational juggling of players such as these did not typically involve illegal activities. Nor were their activities necessarily unethical. But, aided by "zones of ambiguity" (Comaroff & Comaroff 2006, p. 5), among other factors, they were unaccountable through traditional means. Players' ability to glide across borders and roles made it difficult, if not impossible, for the media and publics alike to know the full range of their activities and true agendas, much less for would-be monitors to hold them to account in the event of any impropriety. The ambiguity that swirled around players such as these, adept at representational juggling, lent them an indispensable asset: deniability. A player with overlapping roles has an out. If questioned in his role as X, he can say, "I was operating in my role as Y." And he will typically get away with it (Wedel 2009, pp. 17–18).

Not acknowledging—or even denying—certain actual roles aided their ability to skirt culpability. Shleifer is a case in point. Although US prosecutors charged that his investments violated federal conflict-of-interest regulations, Shleifer maintained that he was a "mere

[50]In Russia, Shleifer and the other Harvard principal, Hay, invested in the lucrative securities market; equities, aluminum, oil, and other companies (including the energy giant Gazprom); real estate; and mutual funds. They do not deny making these investments (US Dist. Court, Dist. Mass. 2000, p. 30; see also, e.g., Cambanis 2002). The US Department of Justice concluded that "Harvard's actions, instead of fulfilling their intended purpose of fostering trust and openness in the nascent mutual fund market, in fact involved exactly the type of favoritism and perceived and actual barriers to entry and success that the United States was spending hundreds of millions of dollars to dispel" (US Dist. Court, Dist. Mass. 2000).

consultant" and thus not subject to these rules (Wedel 2009, pp. 144–46). Yet as director of the project, the buck stopped with him. These players and networks were able to have such a large impact precisely because they sported vague titles, engaged in representational juggling, and conflated official and private interests and institutions. They were effective precisely because ambiguity swirled around their activities and organizations. They were effective precisely because . . . even their corruption was ambiguous.

Such players on the postcommunist scene were a harbinger of things to come, as I have argued. A new class of global operators—with a distinctive profile and modus operandi—was on the horizon (Wedel 2009, pp. 13–15).[51] They had been encouraged by four transformational developments, starting with the US and UK movement toward privatizing and redesigning government that gained new impetus and playgrounds after the Cold War and the diffusion of authority brought about by the end of the Cold War. These new circumstances offered many more opportunities for actors and entities, often as guardians of (or entrusted with) official information and public policy, to surge beyond standard roles and responsibilities. They could pursue their own private interests, rather than those of the public, and do so unnoticed.

The new breed was also the product of two additional evolving developments: new information technologies that came into wide use in the 1990s, which spurred a virtual global economy and have enabled everything from instant global financial transactions beyond accountability to changes in the structure of media, and the embrace of "truthiness," in which fiction can virtually become reality if enough people believe it.[52] Made possible by these new technologies, truthiness affords people new latitude to play with their appearances, regardless of fact or track record. Performing, as in theater, is required in today's public sphere (Clarke 2005); the substance is often more in the performance than in what is said. The changes brought about by these four developments interact as never before possible (Wedel 2009, pp. 23–45).

The fruits of these transformational developments are manifested in federal governing and policy in the United States today. There, a new era of blurred boundaries is marked by the growth of "shadow government," including a great upsurge in the contracting out of crucial government functions[53] and a proliferation of quasi-government organizations and advisory boards, among other developments.[54] With so

[51]My 2011 and 2012 interviews with top government auditors from countries such as India, Russia, Uganda, and Jamaica also point to this conclusion (J. Wedel, unpublished interviews). These veteran auditors are recent or current comptroller and auditors general of their countries, and all represent their countries in the UN Independent Audit Advisory Committee. It is striking that, independently of one another, these auditors cite the privatizations and public-private partnerships introduced in the 1990s into their respective countries (often under sponsorship of international financial institutions) as creating unprecedented opportunities for corruption. These public-private arrangements and partnerships, which often involve more money and players who transcend geographical boundaries, are more complex and difficult to monitor than in the past, according to the auditors. As one auditor general expressed: "It's fair to say that the privatization era was the onset of the grand corruption era. People became bolder and went for bigger stakes. Before, it was smaller amounts."

[52]Comedian Stephen Colbert's concept of truthiness bears some similarity to the French philosopher Jean Baudrillard's notion of simulacra. Baudrillard (1995) argues that today's society is constructed around simulacra, which (then) become reality. Simulation, unlike pretense, and like truthiness, produces real intuitive feelings, emotions, or symptoms in someone, and therefore blurs the difference between the real and imaginary. The connection between simulacra and truthiness has been made by several other scholars (e.g., Rubenstein 2008, p. 12).

[53]In 2008, three-quarters of people working for the federal government were directly employed by private companies (Light 2008a). For a history of this trend and related developments, see Light (1999, 2008b). The outsourcing of many government functions is now routine (Verkuil 2007). Contractors run intelligence operations, control crucial databases, choose and oversee other contractors, and draft official documents (Wedel 2009, pp. 73–109). For historical and legal analysis of US government contracting, see Guttman (2006).

[54]According to the US Congressional Research Service (Kosar 2008), "government" today encompasses mixed state-private entities, which have proliferated and play a greater role than ever. They take several forms. One is the hybrid, or quasi-government organization, defined by the CRS as "federally related entities that possess legal characteristics of both

much governing outside government, crucial decisions affecting the public are increasingly made in consulting firms and boardrooms, as well as in NGOs such as think tanks. The blending and blurring of institutional missions and relationships among government, business, think tanks, and media are a signature feature of governing and policy today. Players perform multiple roles across these organizations, and it is sometimes difficult to tell where one entity or role ends and the other begins.

These power brokers practice a distinctive modus operandi (Wedel 2009, pp. 15–21). Before turning to the implications for corruption, it is necessary to further explicate their modus operandi. I have defined two types of players—shadow elites and shadow lobbyists—as follows:

Shadow Elites

Flexians. Shadow elites consist of flexians and flex nets. "Flexians" are ultranimble players moving seamlessly among roles in government, business, think tanks, and media, advancing their own personal agendas and those of their associates, not the organizations, state, corporate, and otherwise they are paid to serve.[55] Their influence resides not so much in organizations but in social networks that operate in and around and connect them and in their ability to blend and blur official and private spheres. Shadow elites violate both the rules of the state (those of accountability) and the codes of the free market (those of competition). Although some of their activities are public, the full array of their operations is almost always difficult to detect.

One flexian who has championed, mastered, and made acceptable what he calls the "evolving door" is Steven Kelman (2004). His activities demonstrate how the new system has changed the profile of many of today's most successful influencers, moving them beyond the revolving door of the past. Kelman was invited by President Bill Clinton in 1993 to come from Harvard's Kennedy School of Government to assume the top contracting job in the federal government, heading the Office of Federal Procurement Policy (OFPP), part of the Office of Management and Budget.

Kelman would perform a lead role in the Clinton administration's efforts at reinventing government. Known for his belief that the rules designed to prevent collusion between government contractors and public officials inhibited more efficient and innovative contracting practices, he set out to reform that system by deregulating the awarding of contracts. Although Kelman's reforms did streamline the government contracting process, they also encouraged privatization of theretofore officially available information and processes, advanced the partnership idea, and spurred more opportunities for nontransparent deal making between government and contractor officials (Kelman 1990).[56]

Soon after his departure from government in 1997, Kelman became a member of a US Department of Defense (DOD) task force charged with identifying "DOD Policies and Practices

the governmental and private sectors." In recent decades, these organizations have boomed not only in numbers but also in import. They run the gamut from the National Science Foundation to RAND to certain venture capital funds designed and managed almost as if they were in the private sector. Another form comprises federal advisory committees that provide guidance to more than 50 government agencies, whose members have grown in number from some 52,000 in 2000 to 65,000 in 2008 (US GAO 2008, p. 1). The US GAO (2004, p. 1) has called the committees the "fifth arm of government" for their "important role in the development of public policy and government regulations" in arenas ranging from defense, homeland security, and space exploration to food safety and stem cell research.

[55]In a similar vein, anthropologist Aihwa Ong (1999) discusses "flexible identities." See also Dezalay & Garth (2002).

[56]Kelman also led support for the Federal Acquisition Streamlining Act of 1994 and the Federal Acquisition Reform Act of 1995. See **http://www.hks.harvard.edu/about/faculty-staff-directory/steven-kelman**. For Kelman's views, see, for instance, the front flap of his 1990 book, as follows: "Requirements intended to promote competition in contracting have made the performance of government worse, not better, according to Professor Kelman. Using federal procurement of computer systems as his model, Kelman shows the devastating effects of practices designed to prevent collusion between vendors and officials" (Kelman 1990).

that Weaken Health, Competitiveness of U.S. Defense Industry" (Bur. Natl. Aff. 2000, p. 105; for final briefing, see Def. Sci. Board Task Force 2000). Although the task force presented Kelman's credentials as affiliated with Harvard and as a former OFPP administrator, he simultaneously served on the board of directors of, and held an equity interest in, a company with nearly billion-dollar-per-year average sales, almost all in government contracts.[57]

Meanwhile, this player also put his punditry skills to work. He began writing a column for a trade publication, *Federal Computer Week*, distributed to nearly 100,000 readers, mostly government personnel involved in information technology, contracting, or program management, endorsing contractor-friendly policies.[58]

Flexians generally identify themselves to the unsuspecting public in their most honorable, least partisan role, thus concealing or downplaying other agendas. This is strategic: A high prestige imprimatur such as Harvard's enables Kelman and flexians like him to promote views for which they might not get a hearing if they had to fall back on their less neutral roles, such as those of company or industry consultant (Kelman 2000).

A *Washington Post* report's use of Kelman's expert commentary is one of many such cases. The *Post* article concerned a controversial government financing scheme championed by the George W. Bush administration, known as Share in Savings contracting. The *Post* quoted Kelman as a Harvard professor and former Clinton procurement policy chief who supported the technique. But he was at the time a registered lobbyist for a government contractor that was one of the largest beneficiaries of such contracting. Although the *Post* issued a correction after the matter came to public light, most presentations by flexians are made with impunity and go unnoticed.[59] In an equally revealing incident, Kelman, in a *Washington Post* op-ed, decried inspectors general reports that "generally advocate more checks and controls" (Kelman 2007, p. A13). Earlier, an inspector general had recommended that a government contractor, in which Kelman held an equity interest and of which he served on the board of directors, be debarred from receiving federal contracts.[60]

A common response to the actions of flexians is to label their activities conflicts of interest. Yet although parties to such actions typically engage in them for profit, the same cannot be said of flexians, who seek influence and promotion of their views at least as much as money. And "coincidences of interest"[61] crafted by the players to skirt the letter of the law are more difficult (if not impossible) to pin down than

[57]The name of the company referred to here is GTSI Corporation. For information, see **http://www.gtsi.com** and **http://www.sec.gov**.

[58]Information on *Federal Computer Week*'s audience and circulation is from its publisher, 1105 Media, Inc.: **http://certcities.com/pressreleases/release.asp?id=2**. Kelman's column, "The Lectern," can be found at **http://fcw.com/blogs/lectern/list/blog-list.aspx**. For an example of Kelman presenting himself as a Harvard professor and former OFPP administrator but failing to disclose his paid company connections yet advocating policies that benefit that company, see, for instance, Kelman (2000).

[59]Under Share in Savings contracting, contractors finance on behalf of the government certain capital improvements—typically information technology or energy equipment (such as heating or cooling systems)—in return for which the contractor receives a "share of the savings," a largely hypothetical calculation of what the government agency "would have spent" but for the contractors' contributions to capital improvement that led to "savings" (Reddy 2004). At the time of the *Post* article, Kelman was a registered lobbyist for Accenture Ltd., one of the largest beneficiaries of Share in Savings contracts, as well as a board member of FreeMarkets, Inc. Accenture's primary business model employs Share in Savings techniques (see GAO report, **http://www.gao.gov/htext/d03327.html**). The *Washington Post*'s original article and correction are available at: **http://pqasb.pqarchiver.com/washingtonpost/access/545898301.html?FMT=ABS&FMTS=ABS:FT&date=Feb+16%2C+2004&author=Anitha+Reddy&desc=Sharing+Savings%2C+and+Risk%3B+Special+Contracts+Appeal+to+Cash-+Strapped+Agencies**. Following such incidents and letters to editors demonstrating that Kelman had failed to disclose relevant industry affiliations, he began doing so in his *Federal Computer Week* column.

[60]Information from the Project on Government Oversight (POGO) can be found at POGO's Web site in an article entitled "Gutting Government Oversight: The Steve Kelman Ideology": **http://pogoblog.typepad.com/pogo/2007/04/gutting_governm.html**.

[61]Intelligence expert Steven Aftergood has employed the term "coincidence of interest" in this meaning, as cited in Shorrock (2008).

conflicts of interest. When those coincidences span the globe, limited organizational reach and the limited jurisdictions of legal systems can only further empower the players. Flexians are additionally hard to challenge because, although some of their activities are hidden or just below the surface, others are open and appear eminently respectable. Moreover, Kelman, like Shleifer, appears to be involved in anticorruption scholarship. For example, he is listed as a member of the program committee for a conference on "Innovations in Public Management for Combating Corruption," sponsored by the International Public Management Network and the East West Center, on June 27–29, 2012 (email to the International Public Management Network ListServer, September 22, 2011).

Flex nets. Some flexians work together in what I call "flex nets," close-knit networks that guard and share information. Like flexians, flex nets arose to fill a new niche. Just as flexians cannot be reduced to mere lobbyists, neither can flex nets be reduced to interest groups, lobbies, old-boy networks, mafias, and other such groupings in society, government, and business. Flex nets are far more complex. Like interest groups and lobbies, flex nets serve a long-established function in the modern state, mediating between official and private. And, like the mafia networks detailed by Schneider & Schneider (1999, 2003), flex nets have their tentacles in all manner of state and private organizations. But, unlike mafias, many of their activities are not secret but open, as members of flex nets fill the airwaves making their cases. Thus, although flex nets incorporate important aspects of other such groupings, they also differ from them in crucial ways—and those ways are precisely what make flex nets less visible and less accountable.

One case featuring a flex net involves the tiny set of neoconservatives—just a dozen or so players with Richard Perle as their lynchpin—who helped take the United States to war in Iraq.[62] Perle, a former assistant secretary of defense under President Ronald Reagan and variously a consultant, businessman, pundit, think tanker, and government advisor, was also chair (later member) of the Defense Policy Board in the first term of George W. Bush. [For glimpses of how Perle, in true flexian fashion, overlapped some of these roles to serve his ideological and financial goals, see, for example, Dep. Def. Insp. Gen. (2003), Hilzenrath (2003), Labaton (2003), Shafer (2003), and Silverstein & Neubauer (2003).] Some members of this Neocon core, distinct from the much larger neoconservative movement, have been working together for some 30 years to remake American foreign policy according to their own vision. The acquisition or creation of alternative versions of official information is perhaps the most vital project of such networks.

The Neocon core and their allies have long challenged official US intelligence and marketed their own versions as the more authoritative ones—from Team B in the 1970s and long-time promotion of missile defense to the current war in Iraq and their hoped-for regime change via US intercession in Iran. In the decade leading up to the 2003 US invasion of Iraq, members of the Neocon core set up a host of think tank–type organizations to help promote their message. These organizations exhibit a family-like quality: The players know each other through multiple venues—and organization after organization that they set up is populated by roughly the same set of individuals.

In the early 2000s, Perle and other members of the Neocon core were crucial agents in creating and publicizing the (mis)information upon which the United States went to war in Iraq.

With Perle as the prime mover, the Neocon core helped organize the development and dissemination of "information" demonstrating that Iraq had weapons of mass destruction and that a causal connection existed between Saddam Hussein and the terrorist attacks of September 11, 2001. Perle helped create the reputation and the funding base in the United States for Ahmed Chalabi, the Iraqi-born businessman, exile, and founder of the

[62] For detail and documentation regarding the Neocon core, see Wedel (2009, pp. 147–91).

US-underwritten Iraqi National Congress, who was bent on the overthrow of Saddam Hussein. Crucially, members of the Neocon core supplied bogus intelligence (manufactured by Chalabi and company) to relevant units of the US government, including parts of the Pentagon and the National Security Council, as well as the US Congress and the media.

At the same time, Perle used his position on the Defense Policy Board to call for the overthrow of Saddam Hussein. In his extensive speaking and consultations abroad, he left many listeners with the impression that he represented the US government.

To achieve their goals, members of the Neocon core skirted standard processes and practices in government. For maximum impact and to override otherwise official information, they created within government personalized practices and network-based structures while circumventing standard ones and bureaucracy and marginalizing officials who were not part of their network, according to a chorus of insiders variously placed in the bureaucracy at the time (Wedel 2009, pp. 177–87).

Paul R. Pillar, a veteran CIA officer in charge of coordinating the intelligence community's assessments regarding Iraq, put it thusly: "There was no process. . . . No one has identified a single meeting, memorandum, showdown in the situation room when the question was on the agenda as to whether this war should be launched. It was never discussed. . . . That is the respect in which this case is markedly different from anything I've seen in the past. . . . There's well established machinery for this. . . . In Iraq such machinery never got used" (J. Wedel, unpublished interview with P.R. Pillar, June 10, 2009).

These ways and means are straight from the shadow elite playbook. Members of a flex net achieve their shared goals in part by undermining the rules and standard processes of the organizations they supposedly serve (in this case, the government) and supplanting them with their own.

Four key features define both flexians as individuals and those influencers who work together as a flex net. Flexians functioning on their own exhibit the modus operandi embodied in all four features discussed below, as does a flex net as a whole. (Because members of a flex net benefit from the actions of the collective, pooling resources and dividing labor, not all members of a flex net must exhibit these features individually.)

First, they personalize bureaucracy. Flexians operate through personalized relations within and across official structures and act primarily based on loyalty to people, not organizations, to realize their goals. They use the formal organizations with which they are affiliated—governmental, corporate, think tank, national, or international—but their chief allegiance is to themselves and their networks. Their existence is unannounced, and they do not seek to incorporate themselves. When such players work together in a flex net, they are united by shared activities and interpersonal histories.[63] Interest groups and lobbies do not convey the ambiguous offical-private networks of flex nets, which coordinate power and influence from multiple vantage points—often far removed from public input, knowledge, or potential sanction.

Second, they privatize information while branding conviction. Flexians convincingly assert that they have complete understanding of the cause that propels them into action. They often acquire should-be-official information and use it for their own purposes (working, say, as consultants for governments), all the while eluding monitoring.[64] At the same time, they are highly skilled at branding and at using the media to sell themselves and their solutions to economic, political, and social ills. When such influencers work together in a flex net, they act as a continuous, self-propelling unit to

[63]In social network terms, members have "multiplex" ties vis-à-vis each other, meaning that they play multiple roles vis-à-vis their fellow members. Their ties are also "dense" in that each person in the group knows and can interact with every other person independently of any intermediary.

[64]With regard to the crucial role of information, as anthropologist Annelise Riles (2001, pp. 92–94) points out, information has replaced capital as an organizer of social groups.

achieve group objectives. While maintaining a stranglehold on official information within their network, they brand it for the media and public consumption, so the truth cannot be independently established. Their goals as a unit are ideological and political, as well as to varying degrees financial and societal. As self-sustaining teams with their own agendas (as opposed to the advisors of the past who were mainly instruments of the presidents whose policies they pursued), flex nets cut through bureaucracy, connect entities, and streamline decision making. This efficiency can make them attractive to an administration and the public.

Third, they juggle roles and representations. Flexians perform interacting or ambiguous roles to maximize their influence and amass resources. Their repertoire of roles, each with something to offer, affords them more flexibility to wield influence in and across organizations than they would have if they were confined to a single role. The juggling of flexians cannot be equated with the revolving door in which people move serially between government and the private sector. The revolving door acquired its meaning in an age when the lobbyist and the power holder were the brick and mortar of the influence game. Their roles were defined and confined, whereas the new breed is more elastic. In the United States, for example, where players in policy and governing are just as or more likely to be outside formal government (e.g., in consulting firms, think tanks, NGOs, and quasi-government organizations) than in it, players can now occupy more roles than in the past and more easily structure their overlap to create a coincidence of interests. The ambiguity inherent in the interconnectedness of flexians' roles is not just a byproduct of their activities; it can also enhance their influence. Ambiguity yields not only flexibility but deniability, enabling the players to advance their own agendas while defying accountability authorities.

The influence of the flex net, when such influencers work together, derives in part from network members' efforts to amass and coordinate both material and interpersonal resources. As members parlay their roles and standing into influence opportunities by placing themselves and each other in positions and venues relevant to their goals, the network as a whole can wield far more influence than an individual on his own. Although highly effective, a flex net is elusive and more difficult to hold to account than lobbyists and interest groups.

Fourth, they relax the rules at the interstices of official and private institutions. They achieve their goals in part by finessing, circumventing, or rewriting both bureaucracy's rules of accountability and businesses' codes of competition, thus helping to create many of the choices and structural positions available to them. Not only do they "thrive on institutional and legislative weakness," as does the network Pardo (2004b, p. 38) charts, they also create a new modus operandi. In (re)organizing relations among official and private institutions, flexians fundamentally change the qualities of each, fashion a new fusion, and give birth to an altogether new beast.

Collectively, then, members of a flex net help create a hybrid habitat. A flex net's strength lies in its coordinated ability to reorganize governing processes and bureaucracies to suit the group's purposes. Flex nets both use and supplant government, as well as establish might-be-official, might-be-unofficial practices to bypass it altogether. Poised to work closely with executive authorities, flex nets eschew legislative and judicial branches of government that might interfere with their activities. Although flex nets might call to mind notions such as conflict of interest, they illustrate why such labels no longer suffice. As a Washington observer sympathetic to the neoconservatives' aims told me, "There is no conflict of interest, because they define the interest" (Wedel 2009, p. 18).

Shadow Lobbyists

Different permutations of the same phenomenon, shadow lobbyists and shadow elites (flexians and flex nets) are close cousins. Although shadow elites are often driven by ideology, shadow lobbyists are for hire, motivated primarily by money. Shadow elites frequently work together in long-standing tight-knit networks pursuing a mutual goal (sometimes over decades), and in the pursuit of this goal, some members can hold direct power. Shadow lobbyists, in contrast, generally engage in one-off projects as individuals.

Players invented shadow lobbying to get around laws that apply to lobbyists. Shadow lobbyists, like lobbyists, are advocates who try to persuade legislators (or other government representatives) to pass laws or enact policies that will benefit a particular group. Shadow lobbyists evade the legal requirements, such as registration, of the venues in which they operate. In the United States, these range from the Foreign Agents Registration Act of 1938 to the 1978 Ethics in Government Act that limits the lobbying activities of former government employees to the 1995 Lobbying Disclosure Act and the 2007 Honest Leadership and Open Government Act. Individuals paid to lobby the federal government are required, under the 2007 law (which strengthened and amended parts of the 1995 Act), to register and file regular reports of their activities and funding. Shadow lobbyists, like lobbyists, are generally paid, but they do not disclose their true agendas or sponsors.

The ethics-in-lobbying reform passed by Congress in 2007 in particular appears to have driven some lobbying underground, motivating lobbyists to simply deregister and creating even more opaque arrangements as power brokers seek to obscure their influence peddling. As the *New York Times* reported in 2010, "Before the new rules, the number of advocates who registered as lobbyists appeared to have grown steadily, peaking in late 2007 [at 13,200]. The number fell by nearly 2,000 by the fall 2009" (Kirkpatrick 2010, p. A1).

Paul A. Miller, past president of the American League of Lobbyists, acknowledges that "there's a new way to lobby in 2011, and that includes PR consultants, grassroots consultants," and others working outside the rules of disclosure (quoted in Carney 2011). Where once a power broker might have sought out the title of lobbyist to display his influence, today he is likely to take on an executive role with a title such as strategist or advisor or government affairs specialist. As the *New York Times* (*New York Times* Editor. 2012a, p. A26) describes the pattern, today power brokers of a certain stature "never register. They develop strategy and use their contacts to open doors and then leave the appointment-making to more junior people who are registered as lobbyists." More than 400 former lawmakers have become lobbyists or consultants in the past decade (*New York Times* Editor. 2012b, p. A26).[65]

Often, shadow lobbyists are former high government officials; many are connected to academia or the media or think tanks; others are key players in corporate America or Wall Street. They can probably boast that, at one time or another, they have been two, three, or even all of these things.

Take, for instance, Tom Daschle, former Democratic senator from South Dakota. He was a consultant to a private equity firm as well as to medical insurance and pharmaceutical companies. During the same time frame, he also developed clients for a major law firm and served in think tanks and on lecture circuits, while also serving as a policy advisor to President Barack Obama and congressional leaders helping to shape health care reform (Schulte & Schwartz 2010, Wedel 2010).

What was Daschle's agenda, and who did he represent? More fundamentally, how could the public know? The public was not privy to closed-door meetings in which Daschle was a player. The public cannot look to the legal system, as his activities were not illegal. He was not subject to ethics regulations because he was not a registered lobbyist.

Or take the example of 2012 presidential candidate Newt Gingrich, and note how difficult transparency is to achieve. He received \$1.6 million from the mortgage company Freddie Mac for providing the company's top

[65]According to the *Washington Post*, the American League of Lobbyists is set to call for new rules to force more players to register with Congress, a proposal reportedly motivated by increasing attacks on lobbyists by politicians (Farnam 2012, p. A13).

lobbyist "consulting and related services" in the years leading up to the American housing implosion (Negrin 2012). Gingrich, however, insists he was not hired as a lobbyist but, at a presidential debate, described some of his work as "advice of a historian."[66] In fact, Gingrich has spent the past decade creating a lucrative "Gingrich Brand," as the *New York Times* termed it, with various pokers of influence in the fire (*New York Times* Editor. 2012a, p. A26). He took in "$100 million in revenue for a collection of for-profit enterprises which charged six-figure dues to large corporations," including Freddie Mac (Tumulty & Eggen 2011).

Shadow lobbyists are flexing muscle in the election process, and President Obama, who has often decried the influence of lobbyists, reportedly accepts money from ones that simply do not register. Although Obama "has said he will not accept contributions from lobbyists[,] . . . at least 15 of his biggest fund-raisers work in lobby shops and are unregistered," according to the *New York Times* (Lichtblau 2011). These bundlers "are in many ways indistinguishable from people who fit the technical definition of a lobbyist. They glide easily through the corridors of power in Washington, with a number of them hosting Mr. Obama at fund-raisers while also visiting the White House on policy matters and official business" (Lichtblau 2011).

High-profile academics are especially likely to engage in shadow lobbying. They are attractive to those who buy their services precisely because, ironically, it is the image of the neutral, incorruptible intellectual they sell to the public. For example, researchers at the University of Massachusetts-Amherst have found that of 19 prominent academic economists who gave expert advice to the media about all-important financial reform, the "vast majority of the time, [they] did not identify these affiliations and possible conflicts of interest" (Epstein & Carrick-Hagenbarth 2010, p. 1). Two other prominent academic economists affirmed Iceland's stability shortly before the country's economy collapsed in 2008, marketing their credibility for a six-figure fee.[67]

Another case that is tailor-made for both shadow lobbying and shadow elite activity was occasioned by the rapid move from Washington to Wall Street by Obama's former Budget Director Peter Orzsag, who helped shape the American Recovery and Reinvestment Act of 2009, better known as the stimulus plan. In late 2010, he took on the role of vice chairman in global banking at Citigroup, a beneficiary of taxpayer bailout dollars. (He also serves as a contributing columnist at *Bloomberg View* and as an adjunct senior fellow at the Council on Foreign Relations.) There has been no allegation of personal corruption against Orzsag, but journalist James Fallows (2010) aptly describes the insidious nature of migrations like Orszag's:

> [It is] [s]hocking, in the *structural rather than personal* corruption that it illustrates. I believe Orszag [has done] nothing whatsoever "unethical" in a technical sense. But in the grander scheme, his move illustrates something that is just wrong. The idea that someone would help plan, advocate, and carry out an economic policy that played such a crucial role in the survival of a financial institution—and then, less than two years after his Administration took office, would take a job that . . . *unavoidably* will call on knowledge and contacts Orszag developed while in recent public service—this says something bad about what is taken for granted in American public life. Americans may not "notice" Orszag-like migrations[,] . . . [b]ut these stories pile up in the background to create a broad American sense that politics is rigged, and opportunity too.

And we will have to take Orszag's word that his activities will not lapse into unregistered

[66]Coverage and a clip of Gingrich's "historian" characterization can be found here: **http://www.bloomberg.com/video/80402608/**.

[67]For the full story of the Iceland collapse, see Wade & Sigurgeirsdóttir (2010a,b).

lobbying. In each case—Orszag, Daschle, Gingrich, Obama's fund-raisers—the public will likely never know exactly what transpired. By choosing to shadow lobby rather than register, these players create both ambiguity and deniability: There is little or nothing to compel disclosure, and they get away with it.

BEYOND ACCOUNTABILITY

With regard to the kinds of corruption that conform to the anticorruption consensus assumptions and approaches outlined earlier, the means of accountability are largely unproblematic. The same cannot be said for shadow elites and shadow lobbyists. Shadow elites in particular have surpassed not only conventional frameworks for explaining power and influence but also conventional means of accountability. Traditional accountability frameworks are no match for the ways in which society today provides opportunities for them to brandish influence, evade culpability, and gain deniability, while writing the rules of the game.

One venue for checks and balances has broken down: journalism overall and investigative journalism in particular.[68] Government auditing, for its part, has not evolved to meet the challenges of the new era. Auditors, confined to silos and vertically structured laws and regulations, cannot begin to effectively track the new power brokers who work horizontally. In addition to limited jurisdiction, auditors are not typically charged with tracing influence across organizations but rather with how governments spend taxpayers' money.

Not only do government audits hark back to a world with clearer demarcations that depend on the existence of a definite state-private divide. Where once power brokers had fewer and more stable affiliations, the new breed of players are less visible, more peripatetic, and more global in reach than their forebears. Whereas shadow elites are all over the map, literally, government auditors are typically confined by borders. Vacuums of accountability are exacerbated when players operate across countries and cultures, encountering disparate laws, information, norms, standards, and enforcement.

Holding a flexian to certain account would require a team of investigators and public servants tracking his activities, networks, and funding sources over time: reporters connecting the dots, attorneys and regulators picking up on reporters' work and subpoenaing documents that reporters cannot, and legislators dedicating themselves to passing laws to reflect changes in the environment and hold culprits to account. Because the potential influence and corruption of flexians and members of flex nets are interrelated, that would involve a holistic approach, one that considers all the components collectively and how they interact.

But the approach to accountability that has developed has sometimes had just the opposite effect. A brief look at the recent history of oversight and evaluation practices shows how ill-suited they are to monitor the activities of shadow elites. In the past several decades, accountability has become associated with specific auditing practices in the United States, the United Kingdom, and elsewhere. These practices disconnect it from loyalty to and trust of the institution being audited and sever it from its original spirit. In the 1980s, the goal of refashioning the state in the image of the private sector motivated the migration of audits from their original association with financial management to other areas of working life. The idea of audits exploded throughout society and permeated organizational life as the chief method of controlling individuals, as Michael

[68] Web sites and Twitter feeds devoted to tracking the erosion of journalism (e.g., newspaperdeathwatch.com) have been created. Investigative journalism, the most expensive and time-consuming kind of reporting, is among the most tempting areas to cut. One roundup of the crisis in investigative journalism notes that the membership of Investigative Reporters and Editors [IRE] fell more than 30%, from 5,391 in 2003, to a 10-year low of 3,695 in 2009" (Walton 2010). The author describes the scene this way: "Kicked out, bought out or barely hanging on, investigative reporters are a vanishing species in the forests of dead tree media." Ironically, the piece itself was funded by a think tank, for which sponsors and motives might be less transparent, rather than an institution of journalism.

Power (1994, 1999), an experienced chartered accountant and professor at the London School of Economics, has written.

Auditing, which derives from accountancy, breaks things down into observable, isolated, and often quantifiable pieces and then scrutinizes the pieces—frequently with little or no regard for the whole (Power 1994).[69] When information is broken up into bits so that essential pieces are separated from each other, knowledge, wisdom, and institutional memory are sidelined. The result is checklist-type accountability systems that privilege appearances over actual performance and sometimes make true accountability more difficult to achieve, rather than ensuring it. Appearances are what matter. Nowadays one performs for the external evaluators (Power 1994). As practiced today, accountability encourages performance that showcases accountability but that is not necessarily accountable, as John Clarke (2005), a cultural analyst, has demonstrated. Mission-driven government that emphasizes outcomes, particularly government that is outsourced, demands above all to show that the mission has been accomplished. Those who have labored in the international development and "project" world, in which work has long been outsourced to private providers, are familiar with the formulaic "success stories" touted in donors' reports and the show-and-tells of testimony before congressional committees. The very term accountability now used to justify a variety of government programs captures the need to perform for the public (Clarke 2005).

Getting away with "performing" is made all the more easy for flexians when they work in a network, or flex net, or across borders. Accountability practices evaluate individuals, not network or group actions. Groups are scarcely subject to investigation unless they fall under organized crime or terrorism, and even then it is typically individuals who can be held to account. But members of flex nets sidestep accountability systems and evade culpability precisely through their collective and flexible role playing.

This type of accountability is substantially removed from the internal ethics of a community to which it is supposed to apply. The result is that accountability is imposed from the outside—without the engagement of a "moral community"—a community "that shapes (and is shaped by) the expectations, rules, norms and values of social relationships," as political scientist Melvin Dubnick (2002, p. 6) defines it. This moral community approach lies at the heart of governing "in contexts where there is a sense of agreement about the legitimacy of expectations among community members," as Dubnick (2002, pp. 6–7) has expressed.

The absence of moral community shows how difficult it is for the players to be shamed, even when they can be named. Truthiness not only facilitates flexians' ability to appear in the moment without the burden of a track record; it also draws in institutions and the public, rendering them active participants in blessing the flexians.

CONSENSUS ASSUMPTIONS AND APPROACHES MEET CONTEMPORARY CORRUPTION

There is a striking disconnect between the anticorruption industry consensus assumptions and approaches to corruption, on one hand, and patterns of operations of shadow elites and shadow lobbyists, on the other. None of the four aforementioned assumptions/approaches are productive starting points for recognizing shadow elites and shadow lobbyists, much less for studying them. Let us look at them in light of each other.

With regard to the first assumption/approach (corruption primarily afflicts the Other), shadow elites/lobbyists typically defy these descriptors. Their existence shows that the more elusive corruption is very much a part of Western, highly developed countries that typically rank relatively low on corruption indices. With respect to the second assumption/

[69] This practice is patterned after the audit's first major application after finance: industry, in which the audit applied rigid rules to the quality control and counting of mechanical items, such as nuts and bolts in a factory. Well-defined jobs had a clear list of tasks for which one employee was responsible. Employees performed discrete tasks and were not expected to know how the pieces fit together (Power 1994).

approach (corruption is country-specific, is endemic to a country, and primarily besets governments not private sectors), shadow elites/lobbyists are often global in reach; they do not confine themselves to a single country to achieve their objectives. Their activities do not take place within a framework of (and are not predicated on) clear boundaries of official versus private, or legal versus illegal. Their effectiveness—and insidiousness—lies precisely in their agility in blurring boundaries, be they official/private or national/international.

The prevailing definition of corruption, "the abuse of public office for private gain," is ready-made for the clarity of bribery but not for the ambiguity that swirls around shadow elites and often shadow lobbyists as well. Thus, the third assumption/approach (corruption is illegal, is a synonym for bribery or rent-seeking, and involves a single transaction in a single bureaucratic context) is anathema to the definition of shadow elites/lobbyists. They are more subtle in their dealings and have little need for blatantly illegal activities such as bribery. Moreover, flexians work across multiple venues, and flex nets, by definition, work together in networks, so the single-transaction, single-venue framework does not apply.

With regard to the fourth assumption/approach (corruption is conducive to analysis and comparison through metrics and ranking schemes), the activities and sponsors of shadow elites and shadow lobbyists can be investigated and patterns of operation and network configurations potentially charted through fieldwork and network analysis. But they cannot be adequately understood through metrics. Clearly, shadow elites/lobbyists do not comport to the consensus model.

Just as the four approaches and assumptions to corruption are strikingly mismatched with contemporary forms of the age-old phenomenon, so are prevailing approaches ill-equipped to study them. The principal-agent model, a guiding framework in the literature, is a case in point. Not only is it ill-equipped to model much garden-variety corruption, as it (*a*) assumes that the principal is an honest broker and that the only potential problem is ensuring reliability of the agent and (*b*) ignores the culture or environment in which both are operating, but it is even less well-equipped to model shadow elites/lobbyists.

A key problem with applying the principal-agent framework to shadow elites and shadow lobbyists is that it implies discrete acts, between two parties, and with easily defined benefits: A corrupt lawmaker receives a bribe from a company to get favorable legislation enacted. That model breaks down in the new era, in which relationships are multiple and moving, and organizational boundaries and missions are blurred. Players such as, say, Tom Daschle have a constellation of influence and operate in perhaps a dozen different venues. Although he has not been shown to be corrupt, his modus operandi makes accountability and transparency close to impossible.

With shadow elites and shadow lobbyists, as roles and affiliations spread, overlap, and interact, there is no clear principal or clear agent. One party does not employ another party to do a job for him. Is Steve Kelman the principal or the agent when he sits on a government task force as well as on the boards of companies, all the while as a Harvard professor pronouncing in the media on the same issues? And how does one account for corruption that might occur in the service of ideology, such as in the case of the Neocon core? Certainly the actions of Richard Perle and members of the Neocon core would not fit neatly into a principal-agent model even though they strongly suggest that that flex net subverted standard government process in helping to bring about the invasion of Iraq.

In short, the principal-agent framework is seductive because of its clarity. But it cannot adequately model old-style corruption, much less the complexities of new patterns of wielding power and influence and contemporary forms of possible corruption.

REUNITING ETHICS AND ACCOUNTABILITY

Shadow elites and shadow lobbyists may be unaccountable, but are they corrupt? The corruption of the new players is far more subtle and difficult to detect than the bribe paid to the bureaucrat or customs official. No envelope is passed under the table. No laws are clearly broken. Players flex and shift roles to suit their immediate needs. The organizations they create morph and change names. Their corruption is elusive.

The bureaucrat or customs official is more likely to be defined as "corrupt" and punished, even as the consequences of his actions pale in comparison to, say, the financier who devised investment vehicles for selected clients to bet against the housing market without disclosing to other clients (pension funds, insurance companies, and foreign banks) that they were being set up to lose billions—with millions of people stripped of fortune and future as a result.

But does it not seem problematic to point a finger only at the bureaucrat or customs official, even when the highfliers may have had a far more extensive and deleterious impact? Virtually no one has gone to jail for helping to trigger the financial crisis, at least in part because typically the culprits have not technically broken any laws. Of course, they often have a hand in influencing the creation of these very laws. Yet if the assumptions and approaches of the anticorruption industry consensus outlined earlier are taken, the flexian cannot be rightly accused of wrongdoing.

How can this issue be sorted out? Can corruption be rethought to make sense of these new forms—to identify practices as corrupt or not? Political economist Lloyd J. Dumas and colleagues (Dumas et al. 2010, pp. 24–25) offer an analysis that may help:

> The violation of the public trust for personal advantage (either for oneself or one's network) is the essence of corruption, whether it is the public trust of a government official or the trust implicit in a client-consultant relationship. For example, it is expected that the advice given and actions taken by medical doctors will be guided by what is best for the health and well-being of their patients, not by what course of treatment will maximize the doctors' income or satisfy their desire to try out experimental procedures that may bring them acclaim. In any relationship that conveys power and authority to one individual to act on behalf of others, or even to guide the behavior of others, trust is central. That is one of the key reasons why the massive betrayal of clients' and the public's trust by rating agencies and top investment banks created such an earthquake.

According to Dumas and colleagues, corruption "occurs whenever individuals use for their own personal agendas, the authority, power, or information that was given to them for the purpose of furthering the interests of others, to the detriment of those others" (p. 24). I would add that the act need not be to the detriment of *those* particular others; the authority, power, or information could be used to the detriment of quite different others and still breach public trust. This definition is broadly in synch with conceptualizations of corruption in texts such as the Qur'an and the Bible (e.g., Abbas 2005; Alatas 1990, pp.13–14; Rodinson 2007 [1966]; Rubenstein 2006). Might it make sense to consider this definition and to reexamine classic definitions that may be better suited to today's era of ambiguity of corruption and of ethics?

Of course, corruption as violation of public trust cannot serve as a universal definition across time and place because, at least to a degree, the "public trust" itself is culturally defined. Still, seeing corruption as a violation of public trust (recognizing, of course, that "public" is always defined indigenously, a variable and dynamic term across time and place) stands to upend the assumptions and approaches of the anticorruption industry consensus.

If corruption is taken to mean a violation of public trust, corruption today may be more about highfliers in finance or politics whose activities are legal yet violate public trust than about the bureaucrat who takes an illegal bribe. [Indeed, from Occupy Wall Street and Tea Party activists to authors of books on the financial crisis—for instance, Gretchen Morgenson's *Reckless Endangerment: How Outsized Ambition,* *Greed, and Corruption Led to Economic Armageddon*, with Joshua Rosner (Morgenson & Rosner 2011)—corruption is being reconsidered.] The consequences of the violation of public trust are starkly illustrated by the global economic meltdown of 2008; firsthand accounts detailing the violation of public trust on Wall Street have emerged. In March 2012, a Goldman Sachs vice president exposed inside practices in the *New York Times* on the day he resigned (Smith 2012). Here he sums up his belief that the firm violates the public's (in this case, its clients') trust: "I don't know of any illegal behavior, but will people push the envelope and pitch lucrative and complicated products to clients even if they are not the simplest investments or the ones most directly aligned with the client's goals? Absolutely. Every day, in fact" (p. A27).

Seeing corruption as a violation of public trust can help clarify and call it out. But caution is warranted. Although the modus operandi of shadow elites renders them virtually unaccountable to government or corporate institutions and the public, it does not necessarily make them unethical or corrupt. These players do not always violate public trust.

For example, one aspect of flexian modus operandi, performing overlapping roles, not only can be—and often is—benign but also can serve the interests of all the organizations involved, as well as the public's. In an international arena that "multiplies the possibilities for double strategies of smugglers . . . and brokers . . . [,] there are many potential uncertainties and mistranslations surrounding individual positions," as two political-legal scholars point out (Dezalay & Garth 2002, p. 11). Take, for instance, the individual who acts "as a political scientist in one context . . . and a lawyer in another; a spokesperson for nationalistic values in one context, a booster of the international rule of law in another" (p. 6). This political scientist/lawyer is not necessarily engaged in a "double strategy." But his activities on behalf of one organization can be at odds with those on behalf of another—even to the point of undermining the goals of one or both. Flexians push these coincidences of interest to their ultimate limits (Dezalay & Garth 2002).

Seeing corruption as a violation of public trust can sort out when it is appropriate to rightfully call out the flexian for corruption. Was the political scientist/lawyer violating the trust vested in him and working instead on behalf of himself and his network when making a particular decision?

However corruption is conceptualized, it is crucial to keep in mind that establishing a normative definition of the phenomenon across time and place is not a fruitful starting point for understanding the dynamics and social organizational underpinnings of corruption in a given society or what that society might regard as corruption. A robust body of anthropological, sociological, and other social science literature demonstrates that point. Corruption can be accurately studied only by examining the patterns and systems of influence that underlie it.

To that end, as Ledeneva (2006) suggested, the unit of analysis in studying such players must be the players themselves. That is absolutely the case for shadow elites and shadow lobbyists. Because their influence comes from their ability to blend and blur boundaries of all kinds—official and private, bureaucratic and market, global and local—research that has as the focus of analysis fixed geographical location misses the point. Instead, the foci of research should be (*a*) the players—their roles, activities, and sponsors; (*b*) their networks; and (*c*) the organizations that they and their networks empower. Such a framework is ready-made for comparison. How do these players and networks operate within and across borders and link to each other? Following Johnston's (2005) framework of participation and institutions, how do they connect to institutions and affect participation in the various national and international venues in which they operate?

But why suggest reconceptualizing corruption at all?

Although the old forms of corruption are still at play and need to be addressed, it is crucial for the future of democracy and free markets to come to terms with the actual and potential influence of shadow elites and shadow lobbyists who violate public trust. Shadow elites are especially insidious. Recall, for instance, that "a flex net's strength lies in its coordinated ability to reorganize governing processes and bureaucracies to suit the group's purposes" (Wedel 2009, p. 19). Flex nets both exploit emerging hybrid habitats and help to create them: The rise of flexians and flex nets is enabled by processes of blurring and hybridization (themselves partly the result of earlier such players), and these players and their networks also help shape how those hybrids are organized. Clearly, the potential of shadow elites and shadow lobbyists for violating public trust on a colossal scale is huge, with the possible consequences of their actions just as colossal.

Moreover, at the core of the rise of shadow elites and shadow lobbyists is the fundamental problem that ethics have become disconnected from the mores of a larger public or community and detached from the authority that states and international organizations, boards of directors, and even shareholders once provided. Ethics have become a matter of individual choice (Strange 1996), with the only real control being social pressure exerted by the network.

Accountability, as practiced today, is both a cause of and a response to this problem.

True accountability cannot be achieved through checklist-type accountability systems. Both accountability from the outside and trust on the inside are necessary. As anthropologist Raymond June (2010) points out, "[O]ne can be transparent and demonstrate accountability without being accountable. We must be careful not to conflate terms and concepts."

Thinking about corruption in terms of violating public trust helps to clarify the issue. Ethics and accountability must be reintegrated. Today's crisis of both financial and political institutions and leadership makes this change all the more urgent.

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Annual Review of Law and Social Science

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Contents

Indexes

Errata

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