

**Measuring, Conceptualizing,
and Fighting Systemic Corruption:
Evidence from Post-Soviet Countries**

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INTRODUCTION

Since the early 1990s, corruption has caught the attention of several international organizations such as the World Bank and the United Nations Development Programme. Since policy-makers' interest in corruption and social scientists' research agendas are complementary and reinforcing, a good deal of research on this topic has been published. We therefore might expect that our understanding of the nature, causes, and consequences of corruption is significantly enhanced, and that improved knowledge of the subject has led to the formulation of more sophisticated anti-corruption strategies. Alas, that conclusion might be premature.

This paper assesses the progress that has been made in measuring and conceptualizing corruption and suggests a strategy to curb systemic corruption. Understanding the nature and extent of corruption in various countries is arguably the first step towards the development of an effective anti-corruption strategy. Says a World Bank analyst, "While most attempts at fighting graft around the world still consist of 'anti-corruption campaigns' [...], the systemic approach [...] goes farther. The principal innovation lies in the integration of rigorous empirical measurement and analysis of corruption with the empowerment of civil society and reformists in government, to build coalitions in addressing corruption systematically, spearheading institutional and economic reforms."¹

I argue that recent attempts to measure corruption have made significant progress. Yet a comprehensive conceptualization of systemic corruption is still lacking, obstructing efforts to design successful anti-corruption strategies. A noteworthy aspect of systemic corruption is its tendency to blur the formal divide between the public and the private spheres through myriads of networks. Yet recent attempts to conceptualize corruption continue to reify the conceptual state-society divide of earlier corruption studies, despite the fact that many political scientists advocate a "state-in-society" approach, assuming that state and society are mutually constitutive.²

Systemic corruption is a prevalent feature in many developing countries and in most post-Soviet countries. Based on experiences with corruption in the Soviet successor states, this paper

¹ Wamey, Julius M. "Can Corruption Be Measured?" Bank's World 3.6 (1999): 2. (my emphasis)

² For example, see Migdal, Joel S., Atul Kohli, and Vivienne Shue. State Power and Social Forces : Domination and Transformation in the Third World. Cambridge Studies in Comparative Politics. Cambridge; New York: Cambridge University Press, 1994.

will develop a more refined model for understanding systemic corruption and concludes with proposing an anti-corruption strategy that goes beyond the traditional state-society divide by taking informal institutions and networks seriously.

FROM CPI TO BEEPS

The most prominent empirical study of corruption is arguably Transparency International's Corruption Perceptions Index (CPI). Since 1995, the advocacy group Transparency International (TI) has published an index that ranks countries according to their level of corruption. By publicly castigating the governments of the most corrupt countries, CPI has become a tool in the fight against corruption. Yet critics rightly point out that CPI is a flawed indicator of corruption. First, CPI relies primarily on the perceptions of a handful of country experts. These perceptions are distorted by a variety of factors, including media coverage, culture, and personal experiences/interests. For instance, an analyst might conclude that corruption is widespread in a country in which the media regularly reports about such instances. However, corruption might be even higher in a country in which media freedom is restricted – only that we will not know about it. Moreover, TI relies on just a handful of experts for each country.³ It is therefore regrettable, as Ivan Krastev argues, that an “index that was designed as a PR instrument was manipulatively turned into hard data on the base of which the new anti-corruption policies started to be designed.”⁴ Since TI identifies the state as the main culprit of corruption, these anti-corruption policies essentially target the state's role in the economy. TI's CPI thereby serves a neoliberal agenda in the absence of an adequate understanding of corruption.

Learning from the critique leveled against corruption perception indices such as CPI, other analysts employ the corruption proxy method.⁵ A basic assumption of the proxy method is

³ Sík, Endre. "The Bad, the Worse and the Worst: Guesstimating the Level of Corruption." Political Corruption in Transition: A Sceptic's Handbook. Eds. Stephen Kotkin and András Sajó. Budapest: Central European University Press, 2002. 91–113.

⁴ Krastev, Ivan. Shifting Obsessions: Three Essays on the Politics of Anticorruption. Budapest; New York: Central European University Press, 2004. 33.

⁵ For an overview of governance and corruption indices, see Daniel Kaufmann, Aart Kraay and Pablo Zoido-Lobaton, Aggregating Governance Indicators and Governance Matters. World Bank Policy Research Working Papers No. 2195 and 2196 (Washington, D. C.: World Bank, 1999).

that some form of corruption can actually be observed. Moreover, it is assumed that “the volume of this ‘tangible’ subsample positively and strongly correlates with the general level of corruption.”⁶ The most prominent of recent studies that employ this method is the Business Environment and Enterprise Performance Survey (BEEPS), sponsored by the World Bank and the European Bank for Reconstruction and Development (EBRD). BEEPS is:

a survey of over 4000 firms in 22 transition countries conducted in 1999-2000 that examines a wide range of interactions between firms and the state. Based on face-to-face interviews with firm managers and owners, BEEPS is designed to generate comparative measurements in such areas as corruption, state capture, lobbying, and the quality of the business environment.⁷

BEEPS relies on information provided by local businesspeople who are asked a range of concrete questions, covering the business environment, public services, legal services, etc. Thereby, BEEPS is able to disaggregate corruption into different types. Namely, two main types of corruption are identified: state capture and administrative corruption.⁸

State capture is defined as “shaping the formation of the basic rules of the game (i.e. laws, rules, decrees and regulations) through illicit and non-transparent private payments to public officials.”⁹ Administrative corruption, on the other hand, is defined as “private payments to public officials to distort the prescribed implementation of official rules and policies.”¹⁰ In other words, state capture occurs at the input side of the political process, whereas administrative corruption takes place at the output side.

⁶ Sík, op. cit. 92.

⁷ <http://info.worldbank.org/governance/beeps/>

⁸ Hellman, Joel S., Geraint Jones, and Daniel Kaufmann. *Seize the State, Seize the Day. State Capture, Corruption, and Influence in Transition*. World Bank, Policy Research Working Paper, No. 2444. Washington, D. C.: World Bank, 2000. 2. The authors also refer to a third type of state-firm relations, called “influence”, which refers to firms’ capacity to influence the law-making process without resorting to illicit payments (e.g., by cultivating private contacts to state officials).

⁹ Ibid.

¹⁰ Ibid.

According to the World Bank analysts Hellman, Jones and Kaufmann, this differentiation allows analysts to go beyond the “image of the state as a ‘grabbing hand.’ ”¹¹ The “grabbing hand” image entails the notion that powerful state officials create cumbersome laws and regulations to trigger the payment of bribes from businesses and citizens who want to bypass these hurdles. Citizens and businesses therefore engage in administrative corruption. Yet although the state might have the upper hand in some countries, in other countries, it could well be the other way round: “After only a decade of transition, the fear of the leviathan state has been replaced by a new concern about powerful oligarchs who manipulate politicians, shape institutions, and control the media to advance and protect their own empires at the expense of the social interests.”¹² This fear reflects a different view of state-firm relations: a weak state captured by powerful economic interests.

Looking at the data from BEEPS, we realize that former communist countries vary widely on these two dimensions of corruption. For instance, whereas Slovenia ranks low on both accounts, Azerbaijan ranks high on both state capture and administrative corruption. Moreover, whereas Armenia ranks low on state capture, but high on administrative corruption, Latvia ranks high on state capture, but low on administrative corruption. BEEPS therefore provides us with some insights about the honesty of state bureaucracies and the level of state autonomy vis-à-vis economic interests in post-communist countries.

BEEPS’s main achievement is that it encourages us to look beyond the “grabbing hand” image, reconsidering the power of the state versus economic interests. However, BEEPS maintains a conceptual bifurcation of state and society, placing state and private business on two different sides with diverging interests, engaging in zero-sum games. In recent years, several scholars have argued that this view is not tenable. By engaging in cooperative relations that become institutionalized in durable networks, state officials and citizens blur the state-society boundary. Moreover, state representatives and certain members of society often share common

¹¹ Hellman, Jones and Kaufmann, op. cit. 1. This concept was first developed by Shleifer , Andrei and Robert W. Vishny, The Grabbing Hand : Government Pathologies and Their Cures. Cambridge, Mass.: Harvard University Press, 1998.

¹² Ibid.

interests, turning zero-sum into positive-sum games – often at the expense of other state-society alliances.¹³

Under conditions of systemic corruption, the conceptual bifurcation of state and society is especially out of place, as the following section will demonstrate. BEEPS therefore deserves credit for identifying different types of corruption. Yet it fails to provide an appropriate conceptualization of systemic corruption, rendering it an unlikely analytical foundation for the development of a sustainable and effective anti-corruption strategy.

UNDERSTANDING SYSTEMIC CORRUPTION

Systemic corruption is characterized by extensive corrupt activities such as bribery, extortion, and embezzlement, ranging from petty to grand corruption. Corruption becomes the rule rather than the exception. Moreover, systemic corruption is characterized by the presence of rules and norms (institutions) that are commonly known and adhered to by most officials and citizens most of the time. These institutions are informal insofar as they are neither explicitly codified nor externally enforced. Nevertheless, they powerfully shape the interests and strategies of public officials and citizens. In short, systemic corruption is characterized both by the magnitude of corrupt activities and by the presence of rules and norms that inform these activities.

The informal institutions of systemic corruption are cemented in myriads of networks that pervade the state apparatus and crisscross the state-society boundary. Some of these networks entail clientelist relations, such as between a lower official and his superior, or between a police officer and a small kiosk owner. These clientelist networks often overlap with official hierarchies and/or represent a clear power asymmetry. Yet other networks involve cooperative relations of equals, such as between a judge and a prosecutor, and between a government minister and an oligarch.

Systemic corruption is a pervasive legacy of Soviet rule. The Soviet system, with its lack of checks and balances and the omnipresence of the state-party apparatus, provided fertile soil

¹³ Migdal, Joel S. State in Society: Studying How States and Societies Transform and Constitute One Another. Cambridge Studies in Comparative Politics. Cambridge; New York: Cambridge University Press, 2001.

for corruption.¹⁴ When the Soviet Union collapsed, the informal institutions of systemic corruption turned out to be highly resilient in the face of rapid political, economic, and social changes. The corrupt networks provided material security to lower-ranking officials and provided excellent opportunities for high-ranking officials and aspiring oligarchs to assume powerful political and/or economic positions. Systemic corruption has therefore remained a part of most successor states of the Soviet Union.

Some of the common features of systemic corruption in Central Eurasia are the sale of offices and the sharing of bribes with colleagues and superiors. In return, a corrupt official who plays by the rules can be assured that his superiors and colleagues will protect him. This protection requires collusion between the top officials of different state agencies. At the same time, collusion between politicians and bureaucrats on one hand, and between businesspeople on the other, is common and rarely reprimanded. In fact, it is sometimes difficult to differentiate between a public official and a businessperson, as public officials often have direct stakes in a business venture, while entrepreneurs assume government positions in order to increase their rents by passing beneficial laws or thwart legal challenges under the protective shield of parliamentary immunity.

For instance, as the liberal politician Grigory Yavlinsky described the situation in Russia: “Every single important bureaucrat in Russian government or Russian administration is at the same time deeply involved in businesses or represents their interests.”¹⁵ This fusion of business and public interests indeed begs the question: who captures whom? As a research team of Associates for Rural Development, Inc. puts it, analyzing the situation in Armenia:

Corruption in Armenia is rampant and systemic – the team found a ‘captured’ society within a ‘captured’ state. Corruption permeates all levels of government and affects all segments of society. It is multifaceted and multidimensional and runs the spectrum from bribery and theft of state property to clientelism, political corruption and conflict of interest.¹⁶

¹⁴ Stefes, Christoph H. Understanding Post-Soviet Transitions: Corruption, Collusion and Clientelism. Euro-Asian Studies. New York: Palgrave Macmillan, 2006. Ch. 3.

¹⁵ "A Bearish Outlook." The Economist 23 June 2005: 10.

¹⁶ ARD. Armenia: Rule of Law/Anti-Corruption Assessment: Associates in Rural Development (unpublished), 2002. iii. (my emphasis)

Under these circumstances, the rule of law is weak because it needs the formal institutions of horizontal and vertical accountability that the informal institutions of corruption paralyze. Since democratic and economic development inevitably suffers without the rule of law, fighting systemic corruption is an important task for the societies of the former Soviet Union.¹⁷ Yet research has paid insufficient attention to the underlying structures of corruption. By upholding an untenable dichotomy between state and society and identifying either state officials or businesspeople as the culprits, the focus is distracted from the most crucial task: weakening the informal institutions of corruption and strengthening formal alternatives that are compatible with democracy and a free market.

FIGHTING SYSTEMIC CORRUPTION

Conventional anti-corruption campaigns attempt to change the individual payoff matrices. Namely, anti-corruption measures aim at increasing the costs of being corrupt and the benefits of being honest. As Susan Rose-Ackerman elaborates, “Government policy can reduce corruption by increasing the benefits of being honest, increasing the probability of detection and punishment, and increasing the penalties levied on those caught.”¹⁸ The problem is that once corruption has become systemic, this policy is unlikely to be very successful for two main reasons.

First, corrupt networks make corrupt officials and citizens relatively invulnerable to prosecution, decreasing the “probability of detection and punishment.” Second, under conditions of systemic corruption, benefits are primarily given to corrupt officials that share their illicit gains with their superiors, providing additional incentives to be corrupt. As long as the distribution of benefits is not based on merit and is not administered by a neutral agency, benefits are going to the wrong people, encouraging the wrong behavior.

An anti-corruption strategy that targets individual interests and motives starts from the assumption that corrupt exchanges are isolated incidences that are not informed by certain rules and norms, involving only a small number of individuals. This strategy thereby underestimates

¹⁷ Stefes, Christoph H. "Clash of Institutions: Clientelism and Corruption Vs. Rule of Law." The State of Law in the South Caucasus. Ed. Christopher P.M. Waters. Euro-Asian Studies Series. New York: Palgrave Macmillan, 2005. 3–19.

¹⁸ Rose-Ackerman, Susan. "Redesigning the State to Fight Corruption." Privatesector 75 (1996): 1.

the resiliency and extent of systemic corruption. Under conditions of systemic corruption, corrupt exchanges are embedded in complex networks and are guided by specific rules and norms that are more powerful than the formal and relatively new institutions of democracy and a market economy. Therefore, the crucial task is to transform systemic corruption into less institutionalized forms of corrupt exchanges. Without breaking apart corrupt networks, conventional strategies are unlikely to be effective. At the same time, strategies that aim at the foundation of corrupt institutions will fail without the conventional measures that target individual actors, mainly punishment and reward. If officials see few incentives to be honest, corrupt structures will quickly recover.

Dismantling systemic corruption essentially means: a) targeting the informal networks that exist between citizens and state officials; b) undermining those networks that connect lower officials with their superiors; and c) increasing horizontal accountability – that is, cutting the informal links between the various state agencies. Measures towards these ends, which are described below, are not new and do not comprise all options. They are listed here as possible elements of an encompassing anti-corruption strategy that works under conditions of systemic corruption. To be sustainable, these measures need to be accompanied by conventional anti-corruption measures.

Citizens and Public Officials. As M.S. Alam rightly points out, the literature on corruption exclusively focuses on those individuals that gain from corruption. “There has been little systematic analysis concerning whether, and how, actions taken by losers might work to resist and set limits on corruption,” despite the fact that “losses are at least as reliable a spur to action as gains.”¹⁹ Losers can counter corrupt officials through three strategic actions: evasive, direct, and illicit.

Evasive actions entail citizens’ attempts to avoid corrupt officials by seeking out honest or less corrupt officials, and by foregoing or substituting goods and services provided by corrupt officials. Direct countervailing action include measures such as taking corrupt officials to court, informing media representatives about corrupt officials, and engaging in (non-)violent protest

¹⁹ Alam, M.S. "Anatomy of Corruption: An Approach to the Political Economy of Underdevelopment." *American Journal of Economics and Sociology* 48 (1989): 420.

against corrupt institutions.²⁰ Finally, illicit action means engaging in activities with the attempt to “counter actual or anticipated losses from corruption.”²¹

Citizens’ ability to engage in countervailing actions depends on a variety of “political, economic, legal and cultural institutions that determine the relative power of the two contestants [losers and winners of corruption].”²² A primary task is to educate citizens about the losses that are inflicted upon them due to widespread corruption. Without this knowledge, citizens are less willing to participate in anti-corruption campaigns. In this regard, the media plays a very important role in spreading information about the costs of corruption.

As a second step, general education and information campaigns help citizens to better understand their rights and liberties, and learn more about the means through which these rights and liberties can be defended. Free media and strong NGOs support citizens in their attempt to punish corrupt officials. In general, the creation of a strong civil society can alter the social power of the contestants in favor of the citizenry.²³

Direct measures to tackle corrupt networks increase the likelihood of provoking strong opposition. Yet some measures might still escape the attention of corrupt officials. For example, creating overlapping jurisdictions allows citizens to shop for the least corrupt official. If two or more agencies must compete for issuing the same license, citizens’ bargaining power is going to increase. In the end, competition among officials will reduce the overall bribe level.²⁴ This strategy works as long as agencies do not collaborate with each other (in other words, this strategy only works in systems of corruption that are decentralized).

Other reforms are likely to solicit strong opposition from corrupt officials. For instance, “most regulations and controls [in highly corrupt countries] generally are intended to facilitate corruption.”²⁵ Targeting these opportunities for corruption is therefore a highly efficient strategy,

²⁰ Ibid. 425f.

²¹ Ibid. 426f.

²² Ibid. 432.

²³ Ibid. 433.

²⁴ Bardhan, Pranab. "Corruption and Development: A Review of Issues." Journal of Economic Literature 35.3 (1997): 1336.

²⁵ Cheung, S. N. S. "A Simplistic General Equilibrium Theory of Corruption." Contemporary Economic Policy 14.3 (1996): 3.

as most neoliberal economists point out, significantly reducing citizens' dependency on public officials. Yet it will likely create fierce opposition from corrupt forces, because it directly aims at their sources of income. Swift liberalization is therefore often not a possibility and might not even be desirable considering the loss of public service.²⁶

In short, a bottom-up approach to fighting corruption increases citizens' willingness and ability to escape clientelist networks that lock citizens in a state of dependency. Creating a strong civil society encourages citizens to use their voice option (direct countervailing action) and target corrupt officials. Administrative reforms, on the other hand, increase citizens' exit option, evading situations in which they are forced to pay bribes. Economic liberalization also opens exit options for citizens but will probably encounter strong bureaucratic resistance.

Higher and Lower Officials. Among the more popular anti-corruption measures is an increase in public salaries, as empirical evidence shows that salary levels are highly correlated with levels of corruption.²⁷ It is unlikely, however, that higher salaries will cause a significant reduction of bureaucratic corruption without institutional reforms.

Overlapping with official hierarchies, clientelism is often the glue that keeps lower officials linked to their higher officials. Under conditions of systemic corruption, higher officials distribute public positions, salaries and benefits, and the opportunities for career advancement without any effective checks and balances. Lower officials are accordingly in a state of dependency. In order to break these links of dependency, career decisions and salary distributions must be based on merit. To this end, the power of higher officials over lower officials needs to be reduced by creating independent human resources departments. These departments operate outside of the chains-of-command in public agencies, being entrusted with the distribution of salaries and benefits as well as all hiring and firing decisions. In addition, job rotation schemes, which relocate officials to different regions and/or agencies on a regular basis, weaken patron-client relations.

²⁶ Desai, Padma. "Beyond Shock Therapy." Economic Reform and Democracy. Eds. Larry Jay Diamond and Marc F. Plattner. Baltimore, MA: John Hopkins University Press, 1995. 101-11.

²⁷ Van Rijckeghem, Caroline, and Beatrice Weder. Bureaucratic Corruption and the Role of Temptation: Do Low Wages in the Civil Service Cause Corruption? IMF Working Paper Wp/97/73. Washington, D. C.: International Monetary Fund, Research Department, 1997.

At the same time, while not effective by themselves, salary increases must follow the breakup of clientelist networks. Breaking apart links of dependency essentially means to decentralize the corrupt system. This creates a necessary condition for reducing corruption through conventional measures (e.g., higher salaries and stricter law enforcement). Yet if the lot of public officials is not improved, lower officials still need to rely on corruption for their survival. Corruption therefore remains systemic but becomes anarchic, threatening to undermine any official economic activities.

Another strategy that is intended to break relations of dependency between lower and higher officials, as well as between citizens and state representatives at a more general level, is the delegation of political and bureaucratic authority to local and regional levels. Since formal and informal hierarchies often overlap in the state apparatus, formal devolution of political power also decentralizes structures of corruption. This opens opportunities for local groups that are familiar with local issues, increasing their chances to monitor, detect, and punish corrupt officials.²⁸

Separation of Power and Horizontal Accountability. In western democracies, citizens control the bureaucracy through elections, the media, and watchdog groups. These forms of vertical accountability are rudimentary in new democracies, because civil society and political leaders' control over the bureaucracy are weak. The enforcement of the rule of law therefore heavily depends instead on "state agencies that are authorized and willing to oversee, control, redress, and if need be sanction unlawful actions by other state agencies."²⁹ Horizontal accountability is therefore crucial for the initial fight against corruption.

In the former Soviet Union, horizontal accountability is weakly developed, as informal networks bypass the formal separation of power, sheltering corrupt officials from prosecution. In order to cut through these networks, some of the strategies used to undermine relationships of dependency between higher and lower officials can be applied. For instance, a judge or public prosecutor that routinely changes her bureau is of little use to a local police chief who tries to cover up the corrupt activities within his department.

²⁸ Pope, Jeremy, ed. National Integrity Systems. The Transparency International Source Book. 2 ed. Berlin: Transparency International, 1997. 36.

²⁹ O'Donnell, Guillermo. "Horizontal Accountability in New Democracies." Journal of Democracy 9.3 (1998): 119.

A different strategy introduces some degree of horizontal accountability by creating an anti-corruption agency that is highly independent from outside influences. Its members cannot easily be removed and enjoy salaries that allow them to live a decent life without taking bribes. The danger of creating such agencies is that they might easily turn into hotbeds of corruption. Insulating anti-corruption agencies from outside pressure is a prerequisite to strengthen their position vis-à-vis other agencies. At the same time, members of anti-corruption forces thereby become almost invulnerable to outside scrutiny.³⁰

Instead of relying on largely unaccountable anti-corruption agencies, it might be more fruitful to strengthen the monitoring capacity of parliament (e.g. by providing budgetary training). Of the three governmental branches, the legislature is usually considered the least corrupt.

Although examples of corrupt legislatures certainly exist, elected multimember bodies are inherently more difficult to control than hierarchical executive organizations. Even when party discipline is high, [...] the need to convince a coalition of parties makes the coordination of bribes difficult. A two-house legislature creates even more problems.³¹

Parliamentary committees that are entrusted with far-reaching investigative powers are powerful watchdogs against corruption. In order to guarantee the independence of these committees, all parliamentary factions need to be represented in equal numbers and committee members should rotate on a regular basis. The weak point of parliamentary committees, however, is that although they can investigate, they cannot enforce. This means that committees, which cannot rely on honest law enforcement agencies, are deprived of any real power. In this case, a combination of independent anti-corruption agencies and parliamentary watchdogs that control and cooperate with each other might offer a powerful solution.

In sum, all of the above-mentioned strategies are necessary but not sufficient conditions for successful anti-corruption campaigns under conditions of systemic corruption. These strategies aim at breaking relations of dependency between citizens and state officials, as well as

³⁰ For a discussion of anti-corruption agencies and their chances to limit corruption, see: Michael Johnston, "A Brief History of Anti-Corruption Agencies," *The Self-Restraining State. Power and Accountability in New Democracies*, eds. Andreas Schedler, Larry Jay Diamond and Marc F. Plattner (Boulder, Colo.: Lynne Rienner Publishers, 1999).

³¹ Colazingari, Silvia, and Susan Rose-Ackerman. "Corruption and Paternalistic Democracy: Lessons from Italy for Latin America." *Political Science Quarterly* 113 (1998): 464.

between lower and higher officials. In addition, they are intended to undermine informal links that exist between various state agencies. By themselves, these strategies will not reduce corruption. In fact, measures that target corrupt structures might simply turn an orderly system of corruption into a free-for-all, causing more, not less corruption. It is therefore necessary to add conventional anti-corruption measures that directly aim at individual officials, such as increasing punishments for the corrupt and rewards for the honest.

At the same time, not much will be achieved by just raising wages, exposing corrupt officials, and passing tough anti-corruption laws. Conventional methods all depend on 'islands of honesty' to be successfully implemented. Such islands are sadly rare under conditions of systemic corruption. Empowering the citizenry vis-à-vis corrupt officials, making lower officials more independent from their superiors, and improving horizontal accountability are important steps towards the creation of law-abiding strongholds in the state apparatus. In short, conventional anti-corruption measures and broader strategies that aim at destroying corrupt structures need to go hand-in-hand in order to reduce corruption substantially.

CONCLUSION

Current measures and indices of corruption underestimate the extent and institutionalization of corrupt activities in countries in which corruption has become systemic. Systemic corruption provides powerful alternatives to the formal institutions of democracy and market economy. The informal rules and norms of systemic corruption are embedded in myriads of networks that permeate the state apparatus and crisscross the state-society boundary. Under these conditions, it is difficult (if not impossible) for private and public actors to conceive of ways to pursue interests that are congruent with the rule of law. Those few individuals who would prefer to do their jobs and conduct their business in legal ways are often not able to escape the corrupt networks that punish outsiders and whistleblowers.

Fighting corruption under conditions of systemic corruption therefore necessitates that analysts and policy-makers go beyond the routine of blaming and punishing specific individuals. An efficient and sustainable anti-corruption strategy must target the underlying institutions of systemic corruption. In other words, we have to have a better understanding of how and why public officials get and maintain their positions. We need to know in which ways the interests of businesspeople and public officials coincide. Finally, we need to have a better comprehension of

citizens' underlying motivations to engage in corrupt activities. With this knowledge, we might be able to develop strategies that break apart existing networks of corruption, increase the appeal of formal democratic and market institutions, and empower citizens and officials to think beyond the narrow limits of systemic corruption and stand up against corrupt individuals.

In this study, I have suggested some elements of a viable anti-corruption strategy. These suggestions are neither entirely new nor sufficient. In fact, it is clear that anti-corruption measures that change the payoff matrices of individuals need to complement the more structural anti-corruption measures. Nevertheless, by going beyond the state-society divide and taking systemic corruption seriously, this study points towards new directions in corruption and anti-corruption research.

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