Rich Country Corruption

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Corruption in rich countries is different to corruption in poor countries. There are many analyses and models of corruption in poor countries, and interventions are structured with these in mind. When analyzing corruption in rich countries, borrowing from the experiences in poorer countries does not fit well with public administration practices. Ironically, citizens in rich countries have high levels of perceived corruption, yet they reported very little personal experience with corruption in any form. This article uses data to outline some corruption risks and proposes that any analysis focuses on classifying specific types of corruption in rich countries.

Keywords: Australia, corruption, lobbying, rich countries

INTRODUCTION

The focus of this article is to better understand rich country corruption and to highlight some of the challenges this creates for anticorruption policy and practice. Rich country corruption takes on a different form to most corruption in poor countries. Corruption in poor countries affects the daily lives of the very poorest people, makes them pay more for access to markets and services that people in rich countries use as a normal right of citizenship, and makes politicians into billionaires because they can manipulate business and the regulation of business and use the state as their own personal plaything. Corruption in rich countries is often about distorting a supposed level playing field, about using cronyism to gain advantage, and about distorting public administration to gain advantage by the unauthorized trading in influence, and gaining personal benefit along the way. It often involves questionable lobbying, gaming the legislative process, or weakening environmental regulation, or subsuming occupational health and safety concerns to the profits of corporations which provide funds for politicians.

It has been more than three decades since Michael Johnston (1982, p. xi) stated “I am convinced that before we condemn corruption, we must understand it.” However, while there have been many definitions of corruption and arguments about definitions (Heidenheimer, Johnston, & LeVine, 2009; Johnston, 1996; Kaufmann, 1998), classifications are not common, and measurement is difficult.

Angela Gorta (2006) notes that measuring corruption is not an end in its own right. Corruption measurement is simply a tool to achieve a purpose. When considering the question of how to measure corruption, one should first consider why one is seeking to do so (Gorta, 2006; Graycar & Prenzler, 2013). This confirms that attempts to measure corruption, while they will never be 100% accurate, hold a purpose. When applying this purpose to rich country corruption, measurements need to be understood as producing quantitative results that are conservative at best, constrained by the clandestine nature of the phenomenon and different understandings of what constitutes corruption across different publics.

The commonplace nature of these corrupt occurrences in poor countries means that particular corrupt events seen as egregious in rich countries may not be met with a second glance in poor countries. The more widespread corrupt acts are, and the more people in a society who perceive a system to be corrupt, the more that corruption is likely to be viewed as normal (de Lancer Julnes & Villoria, 2014). The perceptions of corruption in rich and poor countries, and the role corruption plays across the two publics, are not easily comparable. This in itself suggests that the same framework cannot be used to explain the phenomena of corruption in rich and poor countries.
CLASSIFYING CORRUPTION

Two theoretical approaches can help us understand how to classify and respond to rich country corruption. One is the “syndromes” of corruption as developed by Michael Johnston in which governance and deal making reflect stage of economic and political development (Johnston, 2005). Second is the classification of corruption events by type, activity, sector, and place (TASP) developed by Graycar (Graycar & Prenzler, 2013; Graycar & Sidebottom, 2012) in which preventive approaches can be tailored to the way in which the corrupt event is classified and broken down into its component parts. Both approaches can be used to examine poor country corruption as well as rich country corruption, but are particularly helpful in exploring the differences.

Corruption can manifest in all development and service delivery sectors (Graycar & Prenzler, 2013) and can be found in all levels of government. No country or government department is immune from corruption, just as there is no single cause of corruption. Johnston’s syndromes of corruption are based on the understanding that corruption countermeasures will have a greater chance of addressing the causes, not just the symptoms, of corruption when they consider the factors that influence corruption—that is, the way people pursue, use, and exchange wealth and power—within a particular society. Corruption ultimately has its roots in the long-term development processes and political-economic dynamics of a particular society, and therefore needs to be understood as context and location specific. The US Aid Corruption Assessment Handbook states that

the nature and spread of corruption in established democracies with reputable political and economic institutions is likely to be of a different nature (and to be coped with differently) than in countries that are not firmly in control and markets that operate primarily in the informal sphere. (Spector, Johnston, & Winbourne, 2006, p. 9)

In essence, corruption is different between countries with established democracies and those in a state of political-economic development or transition. By grouping countries that share common political and economic features, we can identify corruption characteristics. This allows policymakers to have a sophisticated and realistic understanding of corruption, its underlying causes, and how to address it.

Johnston identifies four syndromes. The first, Mature States Corruption, where wealth interests trade political contributions (often legally and openly), sees wealth used to influence specific decisions. An example of this is the often legal and necessary practice of lobbying. In the second, “Elite Network-State Corruption,” elites are connected by durable networks that share a strong stake in the status quo and corruption is moderate to extensive but controlled from above. The spoils of this corruption is shared among (and used to bind together) members of the élite. This is often seen in countries such as Italy, where the porous boundaries between big business, the judiciary, and political leaders have created a new political class (Della Porta & Vannucci, 2007). Weak Transnational States Corruption is found where both politics and the economy are rapidly opening up, resulting in institutional insecurity. An example of this is Myanmar, where the recent opening of the country has resulted in corruption and weakened security for local business (Reuters, 2014). Weak Undemocratic States Corruption involves corrupt figures whose influence depends on their ability to put state power to personal use, and where personally controlled state power intrudes into the economy, as seen with Mugabe in Zimbabwe (Mavhunga & Karimi, 2013). These four syndromes essentially target corruption as it occurs along the spectrum of political development. The first two relate to corruption as it occurs in rich countries and the second two to corruption in poor countries. For example, gaming (as described later) would be a better fit as a symptom of Mature State Corruption than Weak Undemocratic States Corruption, where corrupt figures do not rely as heavily on third parties to influence their decisions.

While there are a number of taxonomies and typologies of corruption (Brown, 2008; Heidenheimer & Johnston, 2002; Holmes, 2006a; Kaufmann & Kraay, 2007; OECD, 2012; Rumyantseva, 2005; Sampford, Shacklock, Connors, & Galtung, 2006; Transparency International UK, 2014), TASP takes it one step further by using an analytical model that aims to elucidate the nature of corruption as it occurs in a particular setting. It does this by identifying the type of corruption, the activity performed, the sector in which it has manifested, and the place in which it occurs. The types of corruption identified in TASP are bribery, extortion, misappropriation, self-dealing, conflict of interest, abuse of discretion, patronage, nepotism, cronyism, trading in influence, and “pay to play.” Some potential activities are appointing personnel, buying things (procurement), delivering programs or services, making things, controlling activities, and administering. The sectors are main government and industry sectors, such as construction, health, tax administration, customs and immigration, welfare systems, and agriculture, among others. Places can be either geographic localities (such as countries and regions) or workplaces. By dissecting corruption across these four dispositions, the TASP model can be used to help develop mechanisms to counter activities that may undermine the principles of good governance by identifying how and where corruption occurs.

If we take the first item in the model, bribery, there is universal agreement that bribery is a significant type of corruption in rich and poor countries alike. There is more bribery in poorer countries and it affects the daily lives of most citizens. This is not the main corruption story in richer countries.
Without getting into the definitions of rich and poor countries, some data on bribery from the 2013 Global Corruption Barometer (GCB) clearly illustrates the point. The survey reported the percentage of the population that had paid a bribe to a public official in the previous year.

For example, 84% of people surveyed in Sierra Leone reported paying a bribe for a public service. In Finland, Denmark, Japan, and Australia, this figure was just 1% (Table 1). In these rich countries, demands for bribes would cause outrage. What is commonplace in some countries is regarded as particularly egregious in others. When influential people in rich countries use influence and connections to secure political deals which enrich them or their families (re zoning of land, monopolies in provision of goods and services, awarding of lucrative contracts) there is outrage. This was recently seen in the Australian state of New South Wales, where the case of former Member of Parliament, Eddie Obeid, being involved in cronyism, insider trading, and land tendering attracted a significant deal of media attention (Monaghan, 2013). In a country such as Nigeria, where the influence, wealth, and ownership of both land and big business rarely occurs outside the ruling classes, writes Mills (2010), the activities that attract headlines in rich countries would be considered commonplace. Indeed, as Chabal and Daloz (1999, p. 16) state, “in most African countries, the state is no more than a décor, a pseudo-Western façade masking the realities of deeply personalised political relations [where] legitimacy is firmly embedded in the patrimonial practices of patrons and their networks.”

Transparency International’s GCB probes confidence in institutions (Table 2), and it can be seen how some richer and poorer countries compare.

Without analyzing these numbers in detail, of the four institutions which respondents rated for corruption, the media achieves a high score of perceived corruption across both rich and poor countries. Notably, of the four institutions, the media was judged the least corrupt in the poorer countries, while in the richer countries, the media was perceived as the most corrupt.

One potential explanation of this is cynicism. In poor countries, where kleptocrats reign unchecked and where the state is often captured to their interests, one could assume that they also had some influence over the media, or were able to ignore the media, or rein it in when required. Further, in countries where corruption is a part of everyday life, it would be reasonable that a citizen assumes that the media is also corrupt. That the media rates lower than other institutions in poor countries suggests that it still enjoys a relatively higher level of public trust.

In contrast, in rich countries where the media ranks relatively higher than other institutions in terms of perceived corruption, this can be attributed to a cynicism directed at the system. A free and thorough media exposes corruption, reports on corrupt activity, and shapes the views of a public in terms of what is acceptable behavior and what is not. However, there have been many examples where the media is accused of being partisan, or where the media is itself the focus of misconduct allegations (e.g., News of the World and the Leveson Inquiry in the UK—see Kellner, 2012; Leveson, 2012). There are also cases of journalists with dubious ethics who quote out of context, misrepresent comments, hound and stalk some public officials (and public figures), and manipulate facts and interpretations to get their stories. The public often judges this to be corrupt.

Table 3 reports data from a national poll in Australia where respondents were asked about their perceptions of corruption in certain national institutions, and the ranking in final column is the difference between those who think that institution is affected by corruption and those who do not think so. The least corrupt, as perceived in Australia, are the armed forces, and the most corrupt are the media. This would not be replicated in any of the poorer countries.

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1 Rich countries are here understood to be countries that are rich in levels of social, economic, and political development that are placed in the “high-income” category of the World Bank Development Indicators. The poor countries chosen here represent the opposite end of that spectrum.
TABLE 3
To What Extent Do You See the Following Institutions Being Affected by Corruption?

<table>
<thead>
<tr>
<th>Institution</th>
<th>Corrupt (%)</th>
<th>Neither (%)</th>
<th>Not corrupt (%)</th>
<th>Don’t know (%)</th>
<th>Corrupt – not corrupt (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The armed forces</td>
<td>8</td>
<td>19</td>
<td>69</td>
<td>4</td>
<td>−61</td>
</tr>
<tr>
<td>The public service</td>
<td>13</td>
<td>32</td>
<td>51</td>
<td>4</td>
<td>−38</td>
</tr>
<tr>
<td>The police</td>
<td>16</td>
<td>27</td>
<td>56</td>
<td>1</td>
<td>−40</td>
</tr>
<tr>
<td>Australian companies</td>
<td>18</td>
<td>36</td>
<td>40</td>
<td>6</td>
<td>−22</td>
</tr>
<tr>
<td>Local government</td>
<td>19</td>
<td>31</td>
<td>48</td>
<td>2</td>
<td>−29</td>
</tr>
<tr>
<td>The legal system</td>
<td>23</td>
<td>33</td>
<td>41</td>
<td>3</td>
<td>−18</td>
</tr>
<tr>
<td>The state government</td>
<td>25</td>
<td>36</td>
<td>36</td>
<td>3</td>
<td>−11</td>
</tr>
<tr>
<td>Banks and financial institutions</td>
<td>25</td>
<td>30</td>
<td>42</td>
<td>3</td>
<td>−17</td>
</tr>
<tr>
<td>The federal government in Canberra</td>
<td>32</td>
<td>34</td>
<td>32</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Political parties</td>
<td>37</td>
<td>38</td>
<td>22</td>
<td>3</td>
<td>+15</td>
</tr>
<tr>
<td>Trade unions</td>
<td>38</td>
<td>31</td>
<td>24</td>
<td>7</td>
<td>+14</td>
</tr>
<tr>
<td>The media</td>
<td>44</td>
<td>34</td>
<td>20</td>
<td>2</td>
<td>+24</td>
</tr>
</tbody>
</table>

Source: McAllister et al. (2012).

TABLE 4
World Wide Governance Indicators, Percentile Ranking of All Countries from 0 (Lowest) to 100 (Highest)

<table>
<thead>
<tr>
<th>Country</th>
<th>Rule of Law</th>
<th>Government effectiveness</th>
<th>Control of corruption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sierra Leone</td>
<td>22</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>2</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>12</td>
<td>29</td>
<td>13</td>
</tr>
<tr>
<td>Liberia</td>
<td>18</td>
<td>12</td>
<td>34</td>
</tr>
<tr>
<td>Finland</td>
<td>100</td>
<td>100</td>
<td>98</td>
</tr>
<tr>
<td>Denmark</td>
<td>98</td>
<td>99</td>
<td>100</td>
</tr>
<tr>
<td>Australia</td>
<td>95</td>
<td>94</td>
<td>96</td>
</tr>
<tr>
<td>Canada</td>
<td>95</td>
<td>95</td>
<td>95</td>
</tr>
</tbody>
</table>

Source: Kaufmann, Kraay, and Mastruzzi (2013).

The World Bank Governance Indicators provide a ranking of countries across a range of indicators based on similar variables (Table 4). Ranked by percentage, these figures highlight the difference in perceptions of corruption between rich and poor countries.

All data in the governance indicator are drawn from perceptions of corruption, compiled using surveys of households and firms, commercial business information providers, nongovernmental organizations, and public-sector organizations.

CORRUPTLY GETTING RESULTS IN RICH COUNTRIES

Media reports of corruption in rich countries focus more on lobbying, conflicts of interest, and gaming the system than on bribery or extortion or misappropriation.

In the state of New South Wales, Australia’s largest state, political life was fractured in April 2014 when a popularly elected Premier, who had a huge parliamentary majority, resigned abruptly because he did not declare a gift of a bottle of very expensive wine (Monaghan, 2014; Shanahan & Coultan, 2014). The revelations came during an inquiry by the state’s anticorruption agency which was examining the dealings of some ex-politicians who were hoping to obtain huge contracts for construction of water infrastructure and supply of water to growing population areas. If successful, their families stood to make tens of millions of dollars, and they had used a range of covert and overt lobbying techniques to achieve their objectives. They had placed influential people with political connections into key company positions and had unconscionable contracts written where state authorities were paying millions in salaries for very little work and billing huge entertainment expenses to the state. One of their lobbyists gave the wine to the Premier, who in sworn testimony denied receiving it, though later evidence show it had been received. At no stage was the Premier accused of corruption, but it was his veracity that was questioned. This led to questions about the boundaries to the legitimate pursuit of corruption. While gifts are common in poor countries, it struck a particularly raw nerve when exposed in Australia.

Lobbying is a regular feature of democratic politics. Lobbying remains not only a legal component of the democratic political system, but an integral component of contemporary democracy and governance. However, this is seen in both academic literature and contemporary policymaking efforts as creating a clear corruption risk. Interests are advocated and represented, and it is a form of influence where deals are often done without transparency. As Campos and Giovannoni (2007, p. 1) identify, both corruption and lobbying involve “obtaining help from the public sector in exchange for some favour.” Indeed, lobbying is a significant corruption risk factor where financial contributions could be interpreted either as campaign donations or as bribes (Campos & Giovannoni, 2007; Coate & Morris, 1999; Grossman & Helpman, 2001; Lessig, 2011; Svensson &
Harstad, 2006). When legislators and personnel in rule-making agencies are lobbied, that is fine. But when they are given gifts with an expectation of a quid pro quo, then the bounds of democracy have been overstepped.

Lobbying does not occur only in rich countries. Campos and Giovannoni’s (2007) study of lobbying, corruption, and influence examines lobby and interest groups in 25 former Soviet states in the post-Cold War transition period and found that lobbying is often an important alternative instrument to corruption in transition countries. The considerable amount of money funneled into lobbying in rich countries creates a worrying scale of corruption risk not possible in countries with lesser economies. For example, it is estimated that the 2012 lobbying spending of the US health sector was $490 million (Centre for Responsive Politics, 2014), a figure higher than the 2012 annual gross domestic products of some of the world’s poorest countries (The World Bank, 2012).

Some American states require lobbyists or lobby firms to register or report annual spending, other states do not, and thus data on lobbying in America can be unreliable. As an indicator of the sustained growth of the industry, Hacker and Pierson (2010) reported that, in 1971, 175 firms had registered lobbyists in Washington, DC. Huffington (2011) found that, by 1981, this figure had increased to 2500. In 2009, there were 13,700 lobbyists registered in Washington DC alone, with a combined reported annual spend of more than $3.8 billion (Balko, 2009). This level of expenditure on lobbying cannot be matched in poor countries. Annual, country-wide figures of American lobbying should thus be understood as estimates based on a high-growth industry—one which plays with more money and power than a poor country is capable of.

This, however, raises the second, and perhaps more salient, point of distinction between corruption and lobbying—the issue of legality. Corruption is illegal in just about every country, yet lobbying is not. Lobbying is a rapidly growing industry that has the potential to corrupt absolutely; it is a state-sanctioned industry and activity that when used with good intentions enables the ongoing functionality of government. While lobbying serves a valid function in the operation of democracy (albeit one open to misuse), corruption does not. Campos and Giovannoni (2007) found the relationship between the two is inverted—the more corrupt a country is, the less likely individual firms are to engage in lobbying. The need for lobbying as a legitimate means of political influence is negated by the option to engage in corruption. Lobbying is more likely to take root in rich countries, and to cause concerns. It finds a place in systems that enjoy high levels of political stability (Campos & Giovannoni, 2007). It is a phenomenon that exists on the fringe of corruption, where the gray areas of immorality and progress intersect.

Lobbying undoubtedly adds to corruption risk levels, but it is not the only form of rich country corruption. Narrowing the focus of corruption in rich countries to lobbying and financially motivated corruption risks creating an unbalanced understanding of corruption. If we know the nature of corruption in a country, remedial actions can be implemented and adequate preventative measures can be put in place. This is where the syndromes and TASP analysis (outlined above) can be of use.

Lobbying can morph into “gaming the system.” According to Salter (2010, p. 2), “gaming in its various forms involves the use of technically legal means to subvert society’s rules in order to gain advantage over rivals.” Gaming can be seen as an umbrella term that accounts for existing “gray area” or “legal corruption” acts, such as lobbying, petitioning, and political bargaining, to name a few. Two examples illustrate this point.

A recent report from West Virginia in the United States shows how the system has been gamed by advocates for the coal industry (Osnos, 2014). In the process, benefits have accrued to legislators, and detriments to the community as environmental regulation falls victim to local politics and occupational health and safety issues are corruptly disregarded. In January 2014, West Virginia experienced one of the most serious incidents of chemical contamination of drinking water in American history (Osnos, 2014). The chemicals for nearby coal mines are stored on a bluff above Elk River, just outside of capital Charleston. A leak in one of the storage containers saw large quantities of the chemical MCHM leak into the river, and subsequently into West Virginia’s largest water treatment plant. The chemical, used in the coal mines that provide the backbone to West Virginia’s economy, was untested for human exposure or consumption, and the leak has been attributed to a range of health issues including rashes, nausea, and headaches (Osnos, 2014). The coal lobby groups representing the state’s biggest industry wield significant power and have helped make West Virginia a flag-bearer for pro-business and limited government conservatism (Osnos, 2014). In doing so, the coal delegations have significant control over the political dialogue, and politicians who oppose weakening coal regulations find themselves without enough financial backing to win elections. Benefits are given to legislators in return for their support, and the political lives of those who wish to regulate the industry are curtailed. Ultimately, this case study is an example of gaming the system (Salter, 2010) whereby decisions are made to benefit a few, at the cost of many.

A recent corruption scandal to hit the Australian state of New South Wales similarly involves the use of political connections to influence policy and further personal power and wealth. Since February 2013, Eddie Obeid, a former Member of Parliament and political heavyweight in NSW, has been involved in a number of cases heard before the Independent Commission against Corruption (ICAC). The first, Operation Jaspar, saw Obeid face allegations of insider trading (ICAC, 2013). It was found that Obeid and his sons misused information provided by the then-state Minister for Resources, Ian Macdonald, to turn $200,000 of land investments into
an potential $100 million profit (ICAC, 2013; Monaghan, 2013). At the time of writing, Obeid and members of his family are appearing before ICAC as part of two other investigations involving an alleged misuse of political influence, illegal party financing, and the falsification of cabinet documents. In the case of Operation Jaspar, Obeid was found to have acted corruptly (ICAC, 2013). Obeid’s activities have been examined in the media and have been met with strong public opprobrium. Obeid’s exercise of political influence, had it happened in a poor country, would cause much less public condemnation and disapproval where citizens are more concerned with the challenges of everyday life.

A similar form of gaming focusing on conflict of interest was evident in the operations of the European Food Safety Authority (EFSA). Here conflict of interest was evident in membership of key policy committees in 2013. The EFSA is in charge of assessing all potential food-related products and all current food-related products on the European market. This not only involves a scope to assess, test, and monitor the safety of consumable food goods, but also the packaging, as well as the medicine and feed given to livestock. Further, it monitors all issues involving processed ingredients, such as acceptable or unacceptable chemicals, pesticides, and their residues. The EFSA advises on policy and legislation to support the European Commission, the European Union (EU) Parliament, and EU current and future Member States on food risks and food management (Horel & Corporate Europe Observatory, 2013).

A 2013 Corporate Europe Observatory (CEO) review of the EFSA found ongoing and widespread practices of conflict of interest, including ties to lobbying and interest groups. Of the 209 food safety experts at the EFSA, 122 (60%) were found to have at least one unreported conflict of interest with relating commercial sector. The “worst offender” was the panel on Dietetic Products, Nutrition and Allergies panel where 17 of its 20 members totals 113 unreported conflicts of interests between them (Horel & Corporate Europe Observatory, 2013). All except one of their panels were impacted by conflicts of interest. It is conceivable that experts in a field would have established ties within their professional community; however, the sheer number of conflicts of interest found, and the fact the CEO review occurred a year after the EFSA had implemented policies on reporting conflict of interest makes this an example of gray area, legal corruption (Horel & Corporate Europe Observatory, 2013). Further, while conflict of interest and lobbying both remain legal, the potential impact from any fallout from this example demonstrates the corruption gray area created by some forms of corruption in rich countries.

The CEO report on the EFSA case resulted in an Ombudsman inquiry (European Ombudsman, 2013). The fact that these cases of conflict of interest elicited such a response despite there being no confirmed cases of public harm reflects the nature of corruption in rich countries. In poor countries, often (to return to Johnston’s syndromes) weak undemocratic states, where politics relies on capitalized business and familial networks that advance the power and wealth of the elite, the EFSA case would not be considered worthy of investigation or reporting.

These examples of legal corruption fit within Malcolm Salter’s (2010) articulation of gaming. To Salter, gaming is a way to subvert the intent of socially mandated or legislated rules for private gain without resorting to blatantly illegal acts (Salter, 2010). As well as lobbying to have legislation and regulations written in a way to advantage special interests (with rewards for public officials on the side), gaming can include, but is not limited to, maximized reported earnings, maintaining high credit ratings, preserving access to capital on favorable terms, or reaping personal rewards. Gaming thus exists in the penumbra between legitimate conduct that advances democratic capitalist function and conduct that advances the interests of a few.

In this sense, gaming is a rich country phenomenon because in poor countries there is no need to “game.” Kleptocrats either steal blatantly or political leaders have captured the state so effectively that the niceties of due process are not part of regular expectations. The political development thus needed to facilitate lobbying (Campos & Giovannoni, 2007) is not present in poor countries. Rather, politics is conducted to maximize the interests of the kleptocrats, not the people. Therefore, while acts similar to gaming may occur in poor countries (i.e., using your own power or connections to self-maximize), they are not met with the same levels of incredulity as in rich countries. The commonplace nature of gaming in poor countries means most citizens would not give it a second glance, it is part of the process rather than a problem. So, while lobbying and gaming are linked, they form a key point of difference between corruption in rich and poor countries.

Where Salter’s (2010) articulation of gaming differs from existing literatures on lobbying is in his inclusion of socially mandated rules. Salter contends there is an inextricable link between the public, gaming, and trust, as:

Gaming crosses the line of acceptability and becomes institutionally corrupt when such institution-sanctioned behaviour subverts the intent of society’s rules, thereby harming public interest, or weakens the capacity of the institution to achieve its espoused goals by undermining its legitimate procedures and core values. (2010, p. 3)

Legitimate conduct thus becomes “gaming” when it harms public interest, and it becomes institutional corruption when it undermines the values supposedly upheld by those behaving improperly. The link between this and trust is seen in the effect of this conduct on democratic function, most notably in the response made to such conduct. Few institutions in a democratic society can survive in the long run in the absence of public trust (Salter, 2010). The degree to which legitimate conduct harms public interest and trust is
central in determining when otherwise acceptable (and often necessary) acts become “gaming the system.”

In the EFSA example above, one would expect expertise on the panels, but when that is transformed into conflicts of interest, the processes become questionable. The system is being gamed when the panels expose themselves to numerous, unreported, competing conflicts of interest so that they are subverting both the society’s rules of acceptable conduct and the organization’s rules of reporting conflicts of interest. Further, by not reporting conflicts of interest, panel members effectively fail the sunlight test, keeping an event in the dark when one is able to safely report it. This suggests members knew it was wrong (Holmes, 2006b). The EFSA example thus becomes an example of gaming the system as it ultimately harms the public interest, it undermines the societal values and values of the organization, and it weakens the capacity for the organization to effectively do its job.

When lobbying extracts favors that do not benefit the public then it ceases to be a part of genuine political activity and crosses the line to gaming. It is not only governments that lose public trust. Companies such as News of the World and Enron, for example have lost public trust and were crippled by perceptions of corruption (see Gibney 2005; Kirkup 2011; McLean & Elkind 2003).

As lobby groups exist to further the interests of a particular sub-public (whether it be shareholders or community groups), it stands to reason that a particular public could benefit from gaming. In the EFSA example, those employed in the European food industry (or within companies misusing their conflicts of interests) stood to benefit from the gaming, as did their companies. What makes this an uncomfortable fit with genuine political activity however is that it failed to serve the interests of the public as a whole. Gaming occurs in both rich and poor countries; however, as lobbying is traditionally associated with (albeit problematically) rich country corruption, and as gaming encompasses acts of lobbying, it acts as an example of the nuanced nature of corruption in rich countries and is often seen as particularly egregious.

CORRUPTION: FELT BUT NOT SEEN

Having looked at gaming and lobbying, we now turn to perceptions of corruption at the coalface, within the community and the civil service. The data reported here are from a series of surveys carried out in Victoria (Australia’s second most populous state). These highlight the types of corruption perceived in a rich country. As shown in Table 3, no Australian institution was perceived by a majority to be corrupt, and for all but three institutions (media, trade unions, political parties) more people thought they were not corrupt than thought they were corrupt. Table 3 shows Australian national figures, but the results in Victoria are much the same.

The GCB does not ask the questions in the same way, but purview of the barometer would show a different pattern of perceptions of institutional corruption in poorer countries. A simple illustration is that in Australia, after the military, the police were regarded as the least corrupt institution. Data produced in the GCB (Transparency International, 2013) found in contrast that in the majority of poor countries the police are ranked as among the most corrupt institutions. This potentially reflects the differing levels of public trust and personal engagement with the government.

This interesting trend of low experience/high perceptions is confirmed in the ANUPoll on Perceptions on Corruption (McAllister, Pietsch, & Graycar, 2012). This national poll in Australia found 43% of respondents thought corruption was increasing, yet less than 1% had themselves often been asked for a bribe. The survey was conducted after a prominent Australian company was defending itself against allegations of international bribery. Given the high levels of media attention in this case, media reporting and cynicism can again be seen as potential motivators for the high levels of perceived corruption in Australia.

The results in Victoria were consistent with those nationally. The weak relationship between experiences of corruption and perceptions that it has increased suggests perceptions of corruption in Australia is rooted “more in indirect sources of information, such as the mass media,” rather than in lived experience (McAllister et al., 2012, p. 12). This is perhaps the biggest point of difference between corruption in rich countries and poor countries. While rich countries may record significant levels of perceived corruption, they are not rooted in actual levels of corruption. In poor countries, however, perceptions of corruption are caused by lived corruption. For example, Table 2 above shows 82% of respondents in Kyrgyzstan believe the education sector to be corrupt, and 48% of respondents claim to have paid a bribe to the education sector. In Australia, for example, 19% perceive the same sector to be corrupt, yet fewer than 1% report paying a bribe (in any sector). In Denmark and Finland, the numbers are much lower with negligible perceptions of corruption with even less direct experience.

A survey was conducted by one of the authors with senior civil servants working in the government of Victoria, and 839 responded. In general, few had views about whether corruption had increased or decreased in the past 5 years—17% of the public servants surveyed thought corruption had increased in Victoria in the past 5 years, while 9% thought it had decreased. Three quarters either did not know or thought it had stayed the same (see Figure 1).

About 85% thought there was little or no corruption in their departments or did not know if there was (see Figure 2).

The study provides data on the factors which are seen to be the greatest corruption risks, further demonstrating the differing types of corruption that occur in rich countries (see below and Table 5). While corruption risks were
generally rated low, respondents more readily identified the factors considered to not be a corruption risk in the Victorian public service. While corruption risks were generally rated low, respondents identified factors considered to be a corruption risk in the Victorian public service, such as appointing personnel (29%), buying goods and services (24%), and partnerships with the private sector (19%).

Respondents were asked about corruption types and activities. They were asked for each type, whether in their agencies there was an opportunity for that type of corruption, and whether they had either suspected or observed that type of corrupt behavior (Table 6).

While respondents thought there were corruption risks, this did not fully manifest itself in corrupt behavior, either suspected or observed. Corrupt behaviors most commonly suspected and observed in the Victorian data are hiring of family and friends, conflict of interest, abuse of discretion, and abuse of information. This is in line with the most frequently identified opportunities for corruption within the respondent’s current department or agency: conflict of interest, misuse of information, abuse of discretion, and hiring friends or family for public service jobs. One point to note is that while respondents perceived the existence of opportunities, these were not visibly consummated. These are all reasonably commonplace actions in poor countries, countries with cultures that encourage nepotism, or countries whereby the elite few have the power. Behaviors considered corrupt in rich countries are often the way of life in poor countries.

The survey also focused on issues that would not be at the forefront of a similar survey in a poorer country. These additional questions were on confidence in reporting corruption, confidence in whether the agency would handle reports well, and on whether there would be any victimization of those who reported.

The survey concluded with an open-ended question asking what people perceived as the greatest corruption risks in the Victorian government. The majority (68%) of respondents (and note, these are senior civil servants) either did not

### TABLE 5

<table>
<thead>
<tr>
<th>Perception of Risk of Corruption at Respondent’s Department (%)</th>
<th>Risk</th>
<th>Not a risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appointing personnel</td>
<td>29.1</td>
<td>47.3</td>
</tr>
<tr>
<td>Buying goods or services</td>
<td>24.5</td>
<td>48.6</td>
</tr>
<tr>
<td>Partnership with private sector</td>
<td>22.7</td>
<td>52.3</td>
</tr>
<tr>
<td>Controlling activities</td>
<td>22.6</td>
<td>56.6</td>
</tr>
<tr>
<td>Ensuring compliance with procedures</td>
<td>18.2</td>
<td>54.8</td>
</tr>
<tr>
<td>Grant administration</td>
<td>15.5</td>
<td>63.4</td>
</tr>
<tr>
<td>Disposal and sale of organizational assets</td>
<td>14.0</td>
<td>65.0</td>
</tr>
<tr>
<td>Using discretionary powers</td>
<td>13.3</td>
<td>63.0</td>
</tr>
<tr>
<td>Sponsorship arrangements</td>
<td>12.6</td>
<td>66.3</td>
</tr>
</tbody>
</table>

Source: Author survey.

### TABLE 6

<table>
<thead>
<tr>
<th>Suspected and Observed Corruption Within Current Organization, Victoria, % (N = 893)</th>
<th>Opportunity</th>
<th>Suspected</th>
<th>Observed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiring friends or family for public service jobs</td>
<td>53</td>
<td>38</td>
<td>25</td>
</tr>
<tr>
<td>Conflict of interest</td>
<td>72</td>
<td>38</td>
<td>20</td>
</tr>
<tr>
<td>Misuse of information or material</td>
<td>68</td>
<td>32</td>
<td>15</td>
</tr>
<tr>
<td>Abuse of discretion</td>
<td>58</td>
<td>28</td>
<td>15</td>
</tr>
<tr>
<td>Hiring one’s own company, or the company belonging to close associates or relatives to provide public services</td>
<td>33</td>
<td>18</td>
<td>9</td>
</tr>
<tr>
<td>Perverting the course of justice</td>
<td>16</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Bribery</td>
<td>32</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Don’t know</td>
<td>3</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Prefer not to say</td>
<td>0</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Author survey.
know (59%) or preferred not to identify (7%) any emerging risks for the organization in which they currently worked. About 36% of those who gave a response most commonly cited abuse of power as an emerging corruption risk.

CONCLUSION

To return to Johnston’s comment that we must understand corruption before working on it, the TASP framework above gives us tools to start this understanding. The types of corruption, and the frequency with which corrupt events occur, differ between rich and poor countries. The survey work and global data show common manifestations of corruption such as bribery and extortion which are strongly prevalent in some poorer countries are not major features in richer countries (though of course, they exist). The literature on rich country corruption focuses often on lobbying and political manipulation. This approach needs to be enhanced to address the nuances of corruption in rich countries, and the extent to which the majority of it exists in the penumbra of genuine, legal political activity, and activity that advances the interests of a few. Gaming is a clear example of this type of corruption. A lack of commonly used classifications of corruption in rich countries hinders effective, targeted, long-term reform. By applying the TASP model, corrupt events can be broken down into four dispositions (types, activities, sectors, and places) allowing for a closer and more detailed analysis of the act and its roots. In doing so, targeted remedial actions can be drafted. Managing levels of corruption in rich countries, where most corrupt acts are viewed as egregious and are less common than in poorer countries, requires an approach that moves away from a blanket anti-corruption policy to interventions that attempt to understand and better reflect the nature of the corruption in various types of settings. The data analyzed in this article demonstrates that if the predominant academic model for corruption prevention is built on data from poor countries then the building of integrity systems in rich countries can be a fraught activity.

REFERENCES

RICH COUNTRY CORRUPTION


