Annex 8. Background Note on Corruption Syndromes[1]

This methodological note offers a discussion of what the idea of "syndromes of corruption" means in practical terms. The conceptual discussion draws upon, and is presented in greater detail, in Michael Johnston's book, *Syndromes of Corruption: Wealth, Power, and Democracy.*[2]

What are Syndromes of Corruption?

The basic notion behind the syndromes scheme is that corruption in varying societies does not vary only in terms of there being more or less of it—a judgment that in fact is extremely difficult to make—but also reflects deeper and long-term political-economic and development processes and problems. Differing syndromes in turn have contrasting implications for development and democratization, and require reform responses that address those deeper causes. Identifying the kind of corruption problems a country has, therefore, helps us diagnose basic difficulties and devise countermeasures that are appropriate to the setting and not just band-aids for symptoms.

The key contrasts here are qualitative, not quantitative. Defining and testing for syndromes is a matter of asking what underlying factors might influence the ways people pursue, use, and exchange wealth and power. Once we have concluded that a set of syndromes make sense—a case I make in the book, using statistical and case-study approaches—we can look at other countries, identify their particular syndromes of corruption, and make informed guesses as to the underlying problems that we must attack. The syndromes scheme does not generate "toolkits" for reform, in the sense of a neat list of corruption controls producing quick results. Instead, the recommendations it generates are strategies for attacking deeper problems of participation and institutions in the middle to long term. In no way does the syndromes approach replace or invalidate specific control measures; they will always be necessary, but we need to choose the right ones for a given setting and have a clear sense of the basic problems we are trying to remedy.

The goal is threefold:

- By defining syndromes in terms of deeper development problems, to help us understand the anticorruption potential and risks inherent in longer-term development strategies we already pursue (such as, but not limited to, economic liberalization, developing civil society, encouraging political will, building administrative and political capacity, encouraging electoral competition, and the like)
- By directing a portion of reform energy to those deeper problems, to bring about a situation in which more specific anticorruption measures and controls have a better chance of success over the middle to long run
- By emphasizing the broader goals, risks, and implications of specific countermeasures, the syndromes approach can provide useful guidance on measures to avoid (a good idea in one context might be irrelevant or harmful in another), and on measures to be deferred until later stages of an anticorruption effort.

Applying the syndromes scheme not only allows for detailed local knowledge, but in fact *depends* upon that sort of contribution. No country will have one unique form of corruption extending across its whole system; there are some practices (e.g. police corruption) found to varying extents everywhere. Two or more

[1] Authored by Michael Johnston

[2] Michael Johnston, *Syndromes of Corruption: Wealth, Power, and Democracy.* Cambridge and New York: Cambridge University Press, 2005. Sections of this report incorporate material from Chapter 3 of that book. Further information at http://www.cambridge.org/uk/catalogue/catalogue.asp?isbn=0521618592

syndromes might be found in differing regions or sectors, or at various levels, of a system. Further, while any characterization of corruption syndromes is a kind of freeze-frame view, corruption and societies change and evolve. Thus, local knowledge will be useful in determining which cases and what changes are most representative, and most important, within a country; pairing that sort of knowledge with the syndromes used as diagnostic tools can define anticorruption targets and are important within their setting and basic in their significance. Even where the syndromes classification appears, on the basis of local knowledge, to be wrong or to apply only in some respects, making that determination requires us to look afresh at what we know about a corruption situation and to assess that knowledge in a broader and deeper context.

Deeper Influences

What are the underlying forces that shape syndromes of corruption? I divide them into two categories:

- **participation** in a country's political and economic arenas (who seeks, uses, and exchanges wealth and/or power, in what ways, using what strategies, tactics, and resources?) and
- the **institutions** (what rules and boundaries define acceptable and unacceptable uses of, and connections between, wealth and power, what institutions protect rights and equity within the economy and political processes, who if anyone upholds them, and how effective are they in practice?) defining and linking those two realms.

Both are defined in deliberately broad terms: participation includes a wide range of activities, formal and informal, legitimate and illicit; institutions may be legal, political, or social. Both may be found within or outside of the formally established structure of the system. It is entirely possible for weak institutions to coexist with a coercive state and/or durable individual interactions and community organizations. Conversely, strong official institutions are not guarantees that all is well at other levels: the United States, for example, scores well on institutional indicators yet, as some suggest, has a civil society in decline.[3] Contrasts among countries' corruption problems and the nature of the corruption syndromes they experience grow out of the ways those influences facilitate and reward the pursuit, use, and exchange of wealth and power while discouraging others. Not all such activities are corrupt by any means; indeed, the ideal we seek is the freedom to participate in politics and the economy on a fair and competitive basis. Those interests and opportunities are what energize free political and economic arenas, and are the surest basis for building sustained support for corruption control.

Four basic syndromes are defined conceptually, and identified in real cases, by the interplay of political-economic dynamics (the state and trends of political and economic opportunities) within a given setting of state, political, and social institutions. Problems with participation and weaknesses in institutions foster distinctive ways of using, pursuing, and exchanging wealth and power that set each syndrome apart. The value of the syndromes approach lies not only in distinguishing various kinds of corruption problems from each other, but also in diagnosing the long-term causes of corruption and, therefore, strategic priorities for reform.

Since the syndromes are multidimensional, it is difficult – and also, perhaps, misleading or counterproductive in some circumstances – to give them proper names. In the Handbook, the four basic syndromes are referred to as:

- Type 1 – Wealth pursues influence in public institutions
- Type 2 – High-level figures collude to weaken political/economic competitors
- Type 3 – Oligarchs contend in a setting of pervasive insecurity
- Type 4 – A dominant inner circle acts with impunity

[3] Robert Putnam (2000) *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster.

In the Johnston book, the syndromes are given broad labels, which are used in the rest of this Annex: Influence Markets (Type I), Elite Cartels (Type II), Oligarchs and Clans (Type III), Official Moguls (Type IV). It is important to remember that these syndromes are not "system types" as such, but rather *patterns of corrupt activity*. They are not the whole governance story in any country, but rather are intended to be a useful simplification.

Searching for patterns

To search for syndromes of corruption is to ask, *what are the underlying developmental processes and problems of which a society's corruption is symptomatic?* Huntington, for example, suggested that where economic opportunities are more plentiful than political ones, ambitious people use wealth to seek power.[4] Where political opportunities abound and economic ones are scarce, by contrast, he expected power to pursue wealth. Where institutions are weak, other contrasts may emerge: a weak state may be vulnerable to illicit private pressures, unable to restrain the conduct of officials or business interests, or both. Civil society may not exist, or be strong enough to sustain social trust or check elites' power. Some states protect property rights effectively and intervene in the economy in judicious ways; in others, legalities mean little, regulatory functions are little more than shakedown schemes, and state policy enriches those at the top. Indeed, weak institutions create incentives for more corruption as people seek protection in an uncertain environment.

Four basic categories

The challenge is to identify country categories broad enough to preserve important commonalities, to avoid creating categories too numerous to be useful, and yet to bring out important contrasts. We need to compare societies in terms of (a) the range and openness of political and economic opportunities they offer, and (b) the extent to which official and unofficial institutions protect economic, political, and property rights, guarantee fair play, and restrain abuses by the powerful. The categories that result will not exhaust all possible combinations of participation and institutions—far from it. Still, types of political and economic systems, and levels of institutional strength, do tend to fall into identifiable, if far from perfect, patterns—patterns that are identified and validated in the book by a statistical technique called Cluster Analysis. Established democracies, for example, tend to have mature market economies; where open and competitive politics and markets have been in place for a long time, economic and political institutions are likely to be moderately to very strong. But there are also consolidating or reforming market democracies in which political competition is still emerging or undergoing significant change; in many cases their economies are becoming more competitive too. Institutional frameworks in such societies are moderately strong, but weaker than those in the first group. Chile, South Korea, and the more consolidated post-communist democracies of Central Europe are examples. Countries in a third group are undergoing major political *and* economic transitions. Many kinds of change are happening at once, institutions are very weak, and relationships between wealth and power form and change rapidly. Turkey, India (with its economic transition), the Philippines, and Ghana are possible examples of this sort. Finally, undemocratic regimes, by definition, are marked by political opportunities that are few in number and tightly controlled—often becoming the stakes of corrupt deals. While such regimes are strong, their institutions, other than those created de facto by personal power, are often quite weak. But many such countries have opened up their economies, to varying degrees, over the past generation, in part because of international pressures and global economic incentives. Even if they are nowhere near being fully competitive, growing economic opportunities result; but where the system is dominated by a powerful few, there is little to prevent top figures from exploiting or handing out such opportunities as they please. In this last group, we might find

[4] Samuel Huntington (1968) *Political Order in Changing Societies*. New Haven: Yale University Press.

countries such as China, Indonesia, many but by no means all sub-Saharan African states, and Middle Eastern countries such as Jordan and the Emirates.

What are these syndromes of corruption like in practice? Here are short descriptions for each.[5]

1. Influence Markets (or Type I) are familiar in relatively settled democracies where wealthy interests buy or rent access to political figures and strategically placed bureaucrats—at times, legally and openly. Wealth is used not in pursuit of political domination but rather to influence specific decisions such as the details and implementation of particular policies. Thus, a business or its representatives might deliver significant funds to an elected official or party leader who, in effect, is placing influence and access out for rent. Wealth may also be channeled through a variety of organizations such as foundations and pseudo-charities. Influence Markets may lead to agency or regulatory "capture" in specific areas, but the process is generally too competitive, and officials have too much autonomy, to make full-blown state capture likely. The relatively strong institutions and competitive economies of Influence Market countries make access to decision makers a valuable commodity: major benefits are at stake and those officials make decisions that have major consequences. Officials may take the initiative in demanding payments, again with limited, specific stakes on the table, as exemplified by "pay–to-play" systems of public procurement and contracting. Over time, Influence Market corruption can reduce political and economic competition and make for inflexible policy.

Influence Market corruption is most likely found in established market democracies, but it is worth including here for several reasons. First, even the countries perceived as "cleanest" still have some corruption, and it is worth worrying about. Further, many anticorruption strategies for developing societies—often, formed and backed by affluent market democracies—tend to follow Influence Market logic even when it is inappropriate. In its own setting, Influence Market corruption can have serious implications: while it is unlikely to cripple economic development it can impede political competition (enhancing the often formidable advantages of incumbent parties and elected officials), skew public policy in directions that favor established interests over adaptation, and undermine public trust in politics and regimes.

2. Elite Cartels (or Type II) are extended networks linking diverse but colluding elites who share a strong stake in protecting the *status quo* against political and economic competitors. Such competition, in most cases, is intensifying at least gradually. Elites in the cartel may include politicians, party leaders, bureaucrats, media owners, military officers and business people—in both private and, often, parastatal sectors—in various combinations. Corruption will be moderate to extensive, but tightly controlled from above, with the spoils shared among (and binding together) members of the elite network. Leaders of nominally competing political parties may share corrupt benefits and power among themselves, again as a way of protecting themselves and their parties against democratic pressures and electoral losses. Elite cartel systems are often marked by ineffective legislatures, extensive state power (legal or otherwise) in the economy, politicization of development policy and banking, and a process of mutual "colonization" among business, political parties, and the bureaucracy. Elite cartel corruption underwrites a kind of *de facto* political stability and policy predictability, partially compensating for moderately weak official institutions; international investors may find the situation tolerable or even attractive. For that reason Elite Cartel corruption may be a useful "halfway" alternative to more disruptive kinds of corruption in the short to middle term, but it still delays the growth of genuine political competition, while the shared interests of interlinked elites may make for inflexible policy and reduced economic adaptation. Elite cartel corruption often features large and complex corrupt deals, marked more by collusion than outright theft or violence, orchestrated from above, and closed to outsider elites.

Elite Cartels draw diverse elites together into complex extended networks that dominate but are not limited to the domain of the state. State institutions are only moderately strong to begin with; moreover the

[5] More extensive accounts and case studies appear in *Syndromes of Corruption,* Chapters 4-7.

dominant elite often face rising competition in both the political and economic arenas. Sharing corrupt benefits while denying them to competitors is an effective and enriching way to maintain dominance and to stave off competition. While corruption as influence will hardly be absent in these situations, key relationships are collusive rather than hierarchical.

Several political parties and elite factions may share in elite cartel corruption; in cases such as Italy's pre-1993 party system or South Korea's *chaebol* economy in the pre-democratic era, superficial competition masked extensive collusive relationships not far beneath the surface. Italy's non-communist parties ran against each other at election time but divided up public contracts and colonized the bureaucracy between elections; Korean *chaebols* that kept current with their political payments were given access to credit at preferential rates, and were allowed to guarantee each others' loans without requirements to show sufficient assets for doing so. Elite cartel networks can extend into the news media and private business while maintaining what might otherwise become civil society as elite clienteles. Competing elites will have networks of their own, but without control over state power, funds, and the cash flow of the parastatal sector, those networks will be far weaker.

3. Oligarchs and Clans (or Type III) embody a complex and highly disruptive variety of corruption found where both politics and the economy are rapidly opening up institutions are very weak, and insecurity is pervasive. Power and wealth, the latter in sometimes massive amounts, are up for grabs, and there are few real rules as to how they are sought and won. Winners may make major gains but find them difficult to keep, creating incentives to violence, protection markets, and capital flight on a large scale. This syndrome is dominated by a few very powerful figures with personal followings extending across several sectors of government and the economy; influence within law enforcement and the courts will be of particular value in grabbing power and assets. Organized crime may be part of the Clan as well. The Clans may well be unstable, however, as loyalty to an Oligarch is only as valuable as the rewards he can provide; the Oligarch may have to pay again and again for support (that, too, making violence attractive as a method of control) and followers may well have several options.

This syndrome of corruption will be particularly unpredictable, intensifying its developmental costs and making opposition to corruption risky. Conventional anti-corruption measures may have little success for lack of an institutional foundation and any real political or social "ownership". Further economic liberalization, decentralization, or even transparency drives may only pour gasoline on the fire; so too may too-rapid transitions to competitive politics, to the extent that it lacks an institutional footing and increases elites' sense of insecurity. Attacking the climate of insecurity in the short to middle term will be essential before most conventional reforms will be able to succeed, and before civil society can play a meaningful role in opposing corruption.

4. Official Moguls (or Type IV) are corrupt figures whose influence depends upon their ability to put state power to personal use, or upon the personal favor of top figures in a regime. Unlike Influence Markets, where wealth intrudes into state functions, Official Moguls use state power to intrude into the economy, including incoming aid and investment. The exact extent of Official Mogul corruption often depends upon the personalities and agendas of top leaders; some may be completely venal while others pursue more enlightened policies. Family networks may be particularly powerful in Official Mogul countries. Where Official Mogul corruption is extensive, top political figures may form alliances with favored business interests or may colonize those interests on behalf of themselves and their friends. In smaller societies, Official Mogul networks may be dominated by a top figure, family members, and personal favorites. In more complex countries, however, such networks may be more decentralized along sectoral or geographic lines, particularly where economies are changing, and creating new opportunities, at a faster pace than state institutions can manage. While some political liberalization may be in progress, countervailing political forces remain weak, both facilitating this syndrome of corruption and making opposition to corruption, and

to the regime, potentially risky. Serious Official Mogul corruption can be extremely unpredictable, and can exact major costs in terms of democratization and open, orderly economic development.

In the Official Moguls syndrome the Regime Leader or leadership clique is the hub of a wheel of corruption. The leader monopolizes key rewards and resources in both the public and the private sector (a distinction that in some cases may make little real difference), exploits them directly for wealth, allocates some such opportunities or resources to favorites and family members while withholding them from others, and extracts loyalty and possibly further payments in return. The economies may well be liberalizing to some extent in these regimes—oddly enough, a change that may make the Leader's control or favor all the more lucrative—but politics remains centralized and personal.

Remedies in such cases will, once again, be undercut by political realities: if the central leadership does not want a transparency building project to work, or sees it as a threat, it will fail. Outwardly promising anti-corruption activities may be *pro forma* efforts only, or even become smokescreens for further abuses. Directly attacking the leadership's political hegemony may well accomplish little or, if it is successful in the short run, may splinter the society into an Oligarchs and Clans situation. Moves toward competitive politics may only encourage leaders to shore up their political positions and reward loyalists; such a situation in Kenya during the Moi years produced a surge of large-scale corruption as a more or less direct result of democratization efforts. Careful assessment of the current regime and its intentions, and a gradual approach to any strategy of opening up the system, will be essential preconditions to any set of specific anti-corruption measures.

Sometimes, observable cases of corruption in a country can provide strong suggestions as to the corruption syndrome that best classifies the country. Figure 1 provides some examples. These illustrate some of the key contrasts distinguishing the four basic corruption syndromes, as well as exemplifying, at least to a degree, the thicket of details out of which syndrome classifications are made.

Overall, a few *caveats* are in order. While the corruption problems of many countries will fit squarely within one syndrome or another, in other instances we may see contrasting syndromes in various regions or sectors. Still other countries may be in transition from one syndrome to another: Mexico is a case in which Elite Cartel corruption under the old PRI regime was eroded by economic and policy changes—including reforms—during the 1980s and 1990s and has more recently given way to a less organized, more dangerous pattern of Oligarchs and Clans.[6] Further, syndrome descriptions are simplifications of what may in practice be densely-woven systems of corruption; as such, they will not perfectly summarize any one situation. The hope, however, is that they will highlight both key contrasts of each syndrome and important contrasts among them, and thus prove useful as a guide to classification and selection of countermeasures.

Johnston conducted a quantitative clustering analysis in 2006 that placed 108 countries into the four syndromes (see Figure 2). This list can be used as a first approximation when seeking to designate a country into a syndrome. However, it is essential to understand that countries change over time and the syndrome that provided the best description in 2006 might not be accurate five or ten years later. As well, it is important to understand that the clustering analysis places some countries squarely at the center of each syndrome, while others can be considered as close variants of the syndrome type. That is, some countries are described very well by their syndrome description, while others will exhibit major features of the syndrome but will also diverge from the pure type.

[6] Johnston, *Syndromes of Corruption,* Ch. 6.

Figure 1. Corruption Syndromes in Action

It is often possible to work backwards from actual events and cases to categorize the deeper corruption problems that a country faces. Consider the following cases and how they imply that certain corruption syndromes are at play.

EXAMPLES	SYNDROME IMPLICATIONS
A construction contractor who seeks highway contracts from the government contributes to a major political party. Part of the money goes to legitimate campaign expenditures, but some is used to "sweeten" bureaucrats and some of it vanishes.	**This case suggests *Type 1:*** Private interests buy influence within well-institutionalized public agencies (where political parties and politicians are often intermediaries marketing their own access). The contractor in this case is seeking to influence relatively specific outcomes within well-institutionalized government agencies. Political figures in this country are willing to rent out their influence in exchange for cash. • Typically occurs in countries with strong institutions, mature markets and democracy.
A Prime Minister routinely skims five percent off the top of military procurement contracts, sharing some of the take with friendly politicos in several political parties, well-placed bureaucrats, a handful of top generals, and key media owners. In times of political upheaval, these figures fall into line behind the PM.	**This case suggests *Type 2:*** Networks of political, economic, media, military, bureaucratic, and other elites act in collusion, staving off rising political/economic competition. In this case, the stolen military procurement funds serve to cement a durable network of elites, creating a political framework (based on shared corruption) that is strong enough to fend off competitors in a setting where official institutions are weak. • Typically occurs in countries with moderate-to-weak institutions, and gradually liberalizing markets and politics.
An entrepreneur "persuades" a friendly judge to issue a writ, based on fictitious legal technicalities, against a competitor who is conveniently never informed of the judgment. The entrepreneur then seizes the competitor's factory on grounds of non-compliance, assisted by police and mafia who receive significant payoffs for their help.	**This case suggests *Type 3:*** In a setting of insecurity and weak institutions, oligarchs and their personal networks feed on both the public and private sectors, using violence as needed to protect their gains. In this case, the state is so weak and fragmented, due process is so poorly maintained, and property rights in the economy are so uncertain, that entire enterprises can be seized on flimsy legal pretexts. Oligarchs generate a following in both the state and the economy, but must deliver "the goods" and provide payoffs to keep supporters in line. • Typically occurs in countries with very weak institutions, and rapidly liberalizing markets and politics.
Bureaucrats in a government-owned bank operate an import-export business using bank resources protected by the nation's dictator who receives a quarter of all profits. Two of the dictator's allies, along with his oldest son, control major manufacturing industries, again with the "Big Man's" permission and protection.	**This case suggests *Type 4:*** Top figures, their power both personal and official, engage in corruption with impunity, channeling corrupt benefits to personal, family and political favorites. In this case, the dictator is able to protect corrupt operators in a setting of weak official institutions and little political competition or accountability. Unlike Type 1, where business figures intervene in government, here political figures plunder the economy. • Typically occurs in countries with very weak institutions, personalized political power, and liberalizing markets.

Figure 2. Empirical Designation of Countries into Corruption Syndromes
(Analysis conducted by M. Johnston in May 2006 based on 1995-2006 data sources)

Type 1: Influence Markets

Australia	Netherlands
Austria	New Zealand
Canada	Norway
Denmark	Spain
Finland	Sweden
France	Switzerland
Germany	UK
Iceland	USA
Japan	

Type 2: Elite Cartels

Argentina	Israel
Belgium	Italy
Brazil	Korea South
Chile	Latvia
Colombia	Lithuania
Costa Rica	Poland
Czech Rep	Portugal
Estonia	Slovak Rep
Greece	Slovenia
Hungary	Taiwan
Ireland	Uruguay

Type 3: Oligarchs and Clans

Albania	Malawi
Benin	Malaysia
Bolivia	Mali
Botswana	Mexico
Bulgaria	Namibia
Croatia	Nicaragua
Dominican Rep	Paraguay
Ecuador	Peru
El Salvador	Philippines
Ghana	Romania
Guatemala	South Africa
Guyana	Sri Lanka
Honduras	Tanzania
India	Thailand
Jamaica	Tunisia
Jordan	Turkey
Kenya	Uganda
Madagascar	Zambia

Type 4: Official Moguls

Algeria	Nepal
Bangladesh	Niger
Cameroon	Nigeria
Central African Rep	Oman
Chad	Pakistan
China	Panama
Congo Rep of	Russia
Egypt	Rwanda
Gabon	Senegal
Guinea-Bissau	Sierra Leone
Haiti	Syria
Indonesia	Togo
Iran	Trinidad Tobago
Ivory Coast	Ukraine
Kuwait	Venezuela
Morocco	Zimbabwe
Myanmar	

Implications of the Syndromes: Choosing Reforms

While far from exact fits for every case, the four syndromes—because they link types of corruption problems to underlying difficulties in economic and political development, and in institutions—can be a useful guide to both *strategic* and *tactical* choices with respect to reforms. The former are fundamental, long-term changes in the society, while the latter are specific anti-corruption measures. As we have often learned, tactical measures will amount to little if they lack political and institutional foundations. Calls for "political will" in support of those measures are likely to be futile unless strategic measures are in place, and are sustained in credible ways over the middle to long term.

Strategic reforms attack underlying problems of participation and institutions that shape the corruption syndromes. Some of them do not take the form of corruption controls as such, but will help build participation within a viable framework of institutions. Because they may entail rebalancing relationships between wealth and power and/or developing institutions that can restrain those possessing either or both, they can at times be contentious changes. Examples on the participation side might include gradual economic liberalization and the strengthening of civil society. Institutional initiatives include, for example, revised electoral systems, stronger political parties and news media, strengthened checks and balances among segments of government, improved banking and currency systems, and protecting civil liberties. None of those reforms is a major surprise in its own right: there are no undiscovered "magic bullets" against corruption. Many, indeed, will already be part of the aid and assistance repertoire in a given country. But they are important in two ways: first, because over the middle to long term they can ease some of the basic problems and contradictions underlying corruption and, second, because they build institutional foundations and open up new choices and opportunities for those who stand to benefit from them.

Tactical reforms are aimed more directly at corruption itself. Again, they are familiar: transparency, improved public management, and political finance reforms would be examples. Such measures can detect, deter, and penalize corrupt dealings, while (at their best) encouraging and rewarding legitimate uses of, and connections between, wealth and power. But if they are implemented too early or too quickly—in the absence, or too far out in front of, political support and institutional backup—they may not only fail but may make matters worse. Anti-corruption laws and investigative powers may be abused by various factions seeking weapons against others, civil society initiatives may put citizens and small business firms at considerable risk, journalistic investigations and evidence may become a marketable commodity or tool for blackmail rather than a check on officials, and more aggressive prosecutions may increase leaders' sense of insecurity, encouraging them to steal or hand out as much as they can in the shortest possible time. Equally unfortunate, unsuccessful or hijacked reforms will waste scarce resources and reform opportunities, deepening citizen cynicism and reluctance to get involved when the next round of reforms are rolled out.

For both strategic and tactical reform, then, the key is to choose appropriate measures—in effect, using the syndrome to diagnose fundamental difficulties—and to avoid the wrong changes at a given time, even though they may seem good ideas in and of themselves. Strategic measures may seem "too theoretical" and too far removed from program choices, and will not produce major improvements on a six-month timeline, but they can tell us much about the sorts of tactical measures that should receive top priority and those steps we should avoid. Essentially, thinking strategically is a matter of remembering that corruption is an embedded problem, reflecting long-term influences and producing many reciprocal effects; of understanding how it fits into that more basic level of a society and its development; and only then of selecting specific programs and controls. Understanding a particular syndrome of corruption strategically can provide useful guidance for the general sequencing of both kinds of reforms, as we will see below.

Most of the corruption problems USAID encounters will fall into the Elite Cartels, Oligarchs and Clans, and Official Moguls categories. Strategic and tactical reforms for each of these syndrome types are discussed below.

Elite Cartels (Type II)

In this syndrome, elites of several types collude, sharing corrupt and legitimate power, influence and rewards in an effort to stave off increasing political and economic competition in a setting of only moderately strong state institutions. Looked at one way, this is a serious corruption problem. In other ways, however, elite collusion is a kind of institutionalization that can gather strength more quickly than many sorts of official institutions—precisely because it serves rather than restrains the interests of top figures and interests—and one that might be an attractive *temporary* state of affairs for societies involved in the longer process of building an effective and legitimate state. Italy's economic growth, Korea's growth and successful democratization, and Botswana's steady progress over nearly four decades are examples of what might be accomplished in an Elite Cartels situation. But such benefits should not be overstated: the rigidity that elite cartels may create might help us understand Italy's political collapse in 1993 and the shadowy business-and-political practices that contributed to Korea's economic crisis in 1997. The point here is not that Elite Cartels are some previously-unknown form of "good corruption," but rather that in the real world serious attention should be given to halfway states en route to full and lasting reform. After all, today's low-corruption societies, in many cases, passed through such phases during their development.

Whether we are taking on Elite Cartel corruption as a problem in itself, or looking for ways for a reforming country to move beyond such a situation, the key strategic goals involve more credibility and autonomy for state institutions, less collusion among elites in the political, administrative and economic realms, and combating the tendency for political leaders and parties to colonize the state and economy. Enhanced electoral competition, as in the case of Italy's post-1993 shift toward electoral rules encouraging more decisive results, genuine as opposed to phony privatization, checks and balances within government (particularly those enhancing bureaucratic professionalization and autonomy), and an independent judiciary and press are ways to weaken Elite Cartels. So too is the *gradual* increase of competition and ease of entry in both the economy and politics. But that growth of competition should not be so rapid as to sharply increase threats to elites—who might then just steal as fast as possible, and/or turn to repression—or to shatter key political alliances. The end of the PRI monopoly in Mexico, for example, meant that in a time of economic and political transition the strongest single political institution in the country was taken off the board, helping produce a worrisome shift toward Oligarchs and Clans. Too much change too soon in a society where state institutions are only moderately strong, and where political alliances have been the core of the system, can backfire.

Another mistake to avoid is the temptation of driving money out of the political process. Elites who see significant competitors to their positions, and yet cannot legally raise and spend political money, will do so illegally; they will steal in other ways too in order to reward their backers and shore up their elite alliances. Over time, increasing political competition can make the bribery option too expensive and bullying tactics impossible; when that happens politics becomes accessible as an anti-corruption tool for many groups. Tactical measures that should be encouraged—improved bidding and budgeting; strengthening political parties; enhanced bureaucratic autonomy, status, and pay, for example—are familiar ones, but in this setting their purpose is not only to check specific abuses but also to weaken the collusion and political colonization of institutions that enables those abuses. Barring an Italian-style political earthquake, it may be difficult to assess progress against corruption as such, since much will have been hidden behind a veil of elite and press collusion; but signs of growing political pluralism, bureaucratic independence, and self-organized activity in society (as opposed to that which is steered from above) will all be welcome news.

Oligarchs and Clans (Type III)

Here the basic problem is a rapid opening up of economic and political opportunities in a setting of very weak institutions and pervasive insecurity. The key to reform, initially at least, is to ease the sense of insecurity and unpredictability, and to establish or re-establish state credibility in the area of very basic functions such as law enforcement, taxation, and the courts. Further liberalization is likely to make matters worse and, by raising the stakes of contention among oligarchs and their followings, may encourage violence and capital fight.

Rather than confronting the oligarchs and their abuses directly from the position of a weak and porous state, reformers should emphasize basic improvements in *the functions that make a state a state*: enforcing laws and contracts, protecting property rights, collecting revenues, and the like. While anti-corruption administrative improvements will be valuable, they should be backed up by reliable revenues and public sector pay, an improved banking system and more stable currency, and a strengthened judiciary, and thus may have to be delayed until enough of an institutional foundation has been built to make them credible. Efforts at this point to mobilize society against corruption will likely only increase risk and insecurity; citizens and businesses will be reluctant to get involved in such risky business, and understandably so. High-profile reforms, and elections, that do not enjoy such popular and institutional backing may well be turned into weapons in the struggle among Oligarchs, and will only deepen the sense of insecurity and problems of state credibility.

The inevitable temptation to launch reforms by going after "big fish" will likely be ill-advised, for it may only play into rivalries among oligarchs; far better would be a series of modest initiatives that are seen to succeed in ways that affect daily life (basic law enforcement and tax collection would be examples) and that can be made sustainable. Indeed, rather than trying to drive oligarchs out of the arena it might be wise to reduce their insecurity: more secure oligarchs will never be model citizens but may find violence, building private followings in law enforcement and the bureaucracy, and the wholesale export of capital to be less necessary, and needlessly expensive, if their domestic gains are under less threat. Creative amnesty schemes with respect to corrupt gains, back taxes and debts, and the like may eventually become possible, returning some revenues to the state and further easing the sense of insecurity.

There is no easy and quick way out of an Oligarchs-and-Clans corruption problem, and indeed progress may not look much like the markets-and-democracy ideal, at least for a long time. But reductions in violence, more regular flows of public revenues and salaries, a less intimidated civil society, improvements in basic indicators of public-sector performance (e.g. the time and number of steps involved in routine processes, as noted above), reduction of capital flight, and a string of credible anti-corruption successes *on a modest but sustainable scale* will be steps forward. The best way to think about reform—at least for a time—may be, not less corruption (how can we measure that?) or improved perception-index scores (they will be slow to respond), but rather a shift toward less disruptive types of corruption.

Official Moguls (Type IV)

Our final syndrome involves the use of personal power and loyalties to monopolize state functions, possibly by one top figure and personal favorites (think of Indonesia under Suharto), or possibly by more numerous operators using more fragmented pieces of state power as decentralized monopolies (contemporary China). Resources and power are abused with impunity; often, power and key relationships among elites are more personal than official, and the state and its procedures may be little more than a shell for what amounts to a family, party, or patron-client operation. Boundaries between

politics and the economy, and in some cases between state and society itself, are very weak, as are basic state institutions, and there are few if any countervailing forces to check abuses.

In that setting rapid liberalization of the economy may well only open up more sectors to exploitation (many such societies have liberalized significantly in any event, but on a very weak institutional foundation), and major increases in political competition will encourage repression or accelerated abuses as top figures steal more for themselves and for key allies. Strategic objectives, then, are twofold: *gradually* opening up the political arena, press, and civil society, while avoiding change so rapid as to cause a collapse into an Oligarchs-and-Clans situation. Encouraging more secure civil liberties, perhaps, rather than full-blown democratization efforts—*gradually* growing countervailing forces for the long term, and creating some degree of "civic space" beyond the immediate personal control of top leaders or their cronies are, critical strategic goals. So too is institutionalizing economic liberalization and development—for example, privatizations—on a public and official, rather than a personal, basis. That requires more secure property rights, for example, more bureaucratic professionalism and autonomy, and the development of effective courts and financial institutions—*all on a gradual basis*, and if possible through positive incentives: carrots rather than sticks, if conditionality of aid and lending is on the table, and through cooperation rather than confrontation. Relationships with, and the backing of, international investors, lenders and trade partners may be particularly critical here, and measures that do not so much threaten elites' share of a constant economic pie but rather increase its size and broaden its distribution somewhat may reduce top leaders' resistance to reform. Free-standing anti-corruption schemes without political and institutional backing will likely be futile; high-profile anti-corruption morality campaigns may well do more harm than good, creating the appearance of reform while concealing new and existing abuses more effectively.

Good news will come in the form of gradual opening-up of the regime, the emergence of a more clearly autonomous public sector (augmenting and then replacing personal power networks), a more credible and higher-capacity bureaucracy, less politicized intrusion into the economy, and ultimately more pluralism and orderly contention among elites with real popular followings. The goal, eventually, is a society that may not be an idea democracy but nonetheless allows citizens, businesses, and other groups to resist abuses by leaders (such was the situation, in fact, when many of today's low-corruption societies began to bring the problem under control). None of these things, clearly, can be achieved on a six-month timeline; all will involve reverses, and the real agendas of top figures may be difficult to ascertain. Frustrating as such a gradual pace of change may seem, however, it is worth remembering that changes that are too rapid or threatening, that fragment a society's business and political elites, or that mobilize opposition to those leaders in the absence of *political* ways of expressing such views, may well lead to an Oligarchs-and-Clans situation as ambitious people lay their hands on as much as they can, by any means at their disposal, in a setting of weak state institutions and increasing insecurity.