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Unbundling Corruption: Revisiting Six Questions on Corruption

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Corruption is conventionally measured in global indices as a one-dimensional problem—one score for every country—a practice that has profoundly shaped our conceptualization of corruption and its relationship with capitalism. What if we unbundle corruption into qualitatively distinct types and then measure them across countries? How will this approach change our understanding of corruption? This review article serves two purposes. First, it introduces a new framework for “unbundling corruption” into four varieties and highlights their differential economic effects. Based on this typology, I piloted a new cross-national measure of these four varieties of corruption in fifteen countries, using an expert, perception-based survey—the Unbundled Corruption Index (UCI)TM. Second, I review six questions on corruption through the lens of unbundling corruption. Shifting our focus of corruption from its aggregated quantity to its quality not only changes our responses to commonly asked questions about corruption, it also prompts new questions.

INTRODUCTION

Everyone would agree that corruption is a scourge and one of the most stubborn obstacles to development. Corruption distorts policymaking, misallocates public funds, hinders business operations, and prevents public services from reaching citizens. The most corrupt countries are invariably the poorest countries, according to global indices and press reports of corruption.¹ Governments, development agencies, and nongovernmental organizations have dedicated enormous efforts to fighting corruption, particularly bribery.²

But are the most corrupt countries always the poorest ones? Is it even meaningful to speak of “the most corrupt country” if corruption varies not only by quantity (1, 2, or 3) but also by quality (A, B, or C)? For instance, taking bribes, stealing public funds, and placing family members of powerful politicians on corporate boards are all examples of corruption, but of different kinds, with vastly different consequences. Does it make sense to blend all corrupt actions into a single bowl of mush and to compare which countries have more mush?

The idea that corruption comes in distinct varieties is not new,³ but qualitative typologies have not influenced the way corruption is conventionally measured and thus conceptualized around the world—as a one-dimensional problem. The most prominent global index of corruption is the Cor-

ruption Perception Index (CPI), released annually by Transparency International (TI). Others include the World Bank’s Control of Corruption Index (part of the Worldwide Governance Index) and indices created by business consultancies for country risk assessments. All of these indicators assign a single corruption score to each country, ranging from 0 to 100. Poor countries consistently rank at the bottom while wealthy countries are always at the top.⁴

How corruption is measured is no mere technical issue—it profoundly shapes the way we understand and fight the problem.⁵ Because bundled indices are widely used in statistical analyses, they have narrowed the focus of discussion to how the aggregated *quantity* of corruption matters, at the expense of understanding the *quality* of corruption and its effects. In fact, rich countries may not always have less corruption than poor countries; rather, their corruption manifests differently, usually involving quid pro quo and in legalized, institutionalized ways (White 2011; Whyte 2015; Lessig 2018).

This review article serves two purposes. First, it introduces a framework for unbundling corruption into four distinct varieties (petty theft, grand theft, speed money, and access money) and underscores their differential economic effects. Based on this typology, I piloted a new measure of corruption in 15 countries, which I call the Unbundled Corruption Index (UCI)TM, using an expert, perception-based survey. My article will not detail all of my survey methods

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1 “The World’s Most Corrupt Countries,” *New York Times*, December 9, 2016.

2 A prominent example is the OECD Anti-Bribery Convention, which establishes “legally binding standards to criminalize bribery in international business” (OECD 2008, 22).

3 For a review of typologies of corruption, see Bussell 2015. Also see Rose-Ackerman 1978, 1999; Wedeman 1997; Khan 2004; Johnston 2005.

4 Malaka Gharib puts it more vividly: “Here’s the quick summary: Things are ‘good’ in much of Europe and North America. And ‘very poor’ in much of sub-Saharan Africa.” See “Countries Are Ranked on Everything. What’s the Point?,” *NPR*, June 14, 2019.

5 Measurements constitute a form of power by incorporating norms and assumptions that are not explicitly acknowledged, as anthropologist Sally Merry (2016) points out.

Table 1: Four Varieties of Corruption

	<i>Non-elites</i>	<i>Elites</i>
<i>Involves theft</i>	Petty theft	Grand theft
<i>Involves exchanges</i>	Speed money	Access money

and results, which readers can find in a separate study (Ang 2020, chapter 1 and appendix). Instead, I highlight only the relevant parts.

Second, I explore six questions on corruption through the lens of unbundling corruption. My objective is not to exhaustively review the literature but rather to prompt reflections and dialogue. This review complements several survey articles focusing on microeconomic studies and cross-national regressions using existing indicators (Jain 2001; Svensson 2005; Treisman 2007; Olken and Pande 2012). By shifting the focus of corruption from its aggregated quantity to its qualitative patterns, however, I hope to offer fresh perspectives on commonly asked questions about corruption as well as to raise new questions.

UNBUNDLING CORRUPTION

Corruption comes in distinct varieties, not just in varying quantities. For a framework that is both comprehensive and parsimonious, I divide corruption along two dimensions.

First, I distinguish between corruption involving two-way exchanges between state and social actors,⁶ including but not limited to bribery, and corruption involving theft, such as embezzlement or extortion. This distinction is important because whereas corruption with exchange generates at least some benefit for transacting parties, state actors who rob citizens and public coffers provide no benefit in return, generating a net loss for society (Evans 1989; Reinikka and Svensson 2004; Sun 2004, 110).

Second, I highlight the difference between corruption involving elite political actors, such as politicians and leaders, and non-elites: regular civil servants, police officers, inspectors, customs officers, and frontline providers of public services. This dimension captures corruption that occurs among high- and low-level actors, respectively (Rose-Ackerman 1999; Jain 2001; Rose-Ackerman 2002; Bussell 2012). Political elites can grant special deals, block access, or control public coffers. Their corruption, therefore, involves high monetary stakes and the allocation of valuable resources. Conversely, street-level bureaucrats can only exercise discretion within their limited job scope—for example, processing permits or assigning school enrollment slots. Although these actors are not elites, their actions, Lipsky (1980, 3) emphasizes, “constitute the ‘services’ delivered by government.”⁷

FOUR VARIETIES OF CORRUPTION

The intersection of these two dimensions generates a matrix of four varieties of corruption, as shown in table 1 be-

low: petty theft, grand theft, speed money, access money.

Generically described, each of the four categories in table 1 encompasses the following:

- **Petty theft** refers to acts of stealing, misuse of public funds, or extortion among street-level bureaucrats.
- **Grand theft** refers to embezzlement or misappropriation of large sums of public monies by political elites who control state finances.
- **Speed money** means petty bribes that businesses or citizens pay to bureaucrats to get around hurdles or speed things up.
- **Access money** encompasses high-stakes rewards extended by business actors to powerful officials, not just for speed but to access exclusive, valuable privileges.

In reality, the four categories in my framework often mix and overlap. For example, corrupt police officers may set up speed traps to extract bribes from drivers, which is both an act of extortion (manipulating speed limits) and exchange (bribes in exchange for skipping fines). But as Max Weber said, ideal types are “border cases . . . of indispensable analytical value, and bracket historical reality which almost always appears in mixed forms” (Weber 1968, 1002). Precisely because reality is messy, we need to highlight the dimensions that matter most to our inquiry.⁸

My typology is distinguished from existing conceptualizations of corruption in several ways. First, in addition to obviously illegal forms of corruption (petty theft, grand theft, and speed money), it encompasses elite exchanges of power and profit in the category of access money. This can manifest in both illegal (large kickbacks to government officials for procurement deals) and legal, institutionalized ways (offering politicians’ aides future jobs in the private sector, for example).

Second, I draw a clear distinction between two types of bribery (or transactional corruption) that are frequently conflated in the literature: “speed money” as opposed to “access money.” Whereas speed money, a commonly used term in corruption studies (Mauro 1995; Bardhan 1997, 1323), involves paying bribes to overcome excessive red tape or delay, access money buys special deals and lucrative perks. The popular analogy of “greasing the wheels” is equivalent to only speed money in my typology (Kaufmann et al. 2000; Méon and Sekkat 2005; Y. Chen, Liu, and Su 2013); access money is more sludge than grease.

⁶ Whereas corrupt exchanges involve citizens or businesses giving benefits to state actors in exchange for their favors, clientelism entails state actors dispensing benefits to citizens for their votes or political support (Hicken 2011).

⁷ Recent work on “state capability” focuses on building bureaucratic capacity and the ability of governments to actually deliver services (Andrews, Pritchett, and Woolcock 2017).

⁸ As Collier and Adcock (1999, 539) advise, “How scholars understand and operationalize a concept can and should depend on what they are going to do with it” (cited in Bussell 2015, 35).

THE DIFFERENTIAL HARM OF TYPES OF CORRUPTION

All corruption is damaging, but not all types of corruption impede capitalist activities, nor do they cause the same kind of harm. The best analogy is drugs, as summarized in table 2. Within my typology, petty theft and grand theft are equivalent to toxic drugs; they are the most economically damaging as they drain public and private wealth.⁹ Worse, such corruption subverts law and order, deterring investors, local businesses, foreign aid donors, and tourists.

On the other hand, speed money is like painkillers; although they lessen pain, consuming them in excess is harmful. Earlier on, some argue that speed money (petty bribery) enhances efficiency by allowing citizens to overcome administrative hurdles and delays (Leff 1964; Huntington 1968; Scott 1972). As Huntington (1968, 69) wrote, “Corruption may be one way of surmounting traditional laws or bureaucratic regulations which hamper economic expansion.” But this kind of corruption still imposes a cost—and thus constitutes a tax—on citizens and businesses.¹⁰ Petty bribes are especially burdensome to the poor.

Access money is the steroids of capitalism. Steroids are known as growth-enhancing drugs, but they come with serious side effects. China provides a sharp illustration: by enriching capitalists who pay for privileges and rewarding politicians who serve capitalist interests, access money perversely stimulates transactions and investment, which translates into GDP growth (Ang 2019; Ang 2020, chapter 5).

Yet this does not mean that access money is “good” for the economy—on the contrary, it distorts the allocation of resources, breeds systemic risks, and exacerbates inequality. The harm of access money only blows up in the event of a crisis: for example, America’s first great depression of 1839 (triggered by risky public financing and state-bank collusion) (Ang 2016, chapter 7; Wallis 2000, 2001), the 1997 East Asia financial crisis (Kang 2002), and the 2008 US financial crisis (Baker 2010; Igan, Mishra, and Tressel 2011; White 2011; Fisman and Golden 2017; Fligstein, Brundage, and Schultz, Forthcoming). To be sure, crony capitalism was not the singular cause of these events, but it was undoubtedly a precipitating factor. As the US Financial Crisis Inquiry Commission (2011, 37) concluded in stark terms, “Both [political] parties are thus held hostage by these special interests, because both parties need their campaign contributions.” Prior to the bust, access money helped beat the froth of capitalism into a boom.

UNBUNDLED CORRUPTION INDEX (UCI)TM

The structure of a country’s corruption—what types dominate and to what degree—could affect economic and social outcomes as much as aggregate levels of corruption. Here, I

present a first-known attempt to create an indicator of qualitatively distinct typologies of corruption across countries, which I call the Unbundled Corruption Index (UCI)TM. The UCI is based on an original survey of country experts that measures the perceived prevalence of the four categories of corruption in my framework: access money, speed money, grand theft, and petty theft.

Analysts regularly use expert surveys to measure institutional or political contexts at the country level. Examples include Varieties of Democracy (V-Dem) (Coppedge et al. 2018), Global Integrity’s Africa Integrity Indicators, Banerjee and Pande’s (2007) study of political corruption,¹¹ and the many sources that are combined to create the CPI (Transparency International 2016a). These surveys target experts because individuals who study, report on, or do business in a country are more likely to have a bird’s-eye view of the entire political economy, whereas citizens’ experiences are usually limited to petty corruption.¹²

My UCI survey measured responses from 125 experts, including academics with area expertise, journalists, business leaders, and professionals with at least ten years of experience in a given country. To partially counter first-world bias in standard business surveys, which mostly survey Western business executives (Apaza 2009), 45 percent of my expert respondents are natives of the country they scored. The survey was conducted in 2017 and 2018 through an online platform.

CATEGORIES AND COUNTRIES

For a finer measurement, my survey unbundles each of four categories into subcategories, as listed in table 3. The responses for each subcategory sum to a category score; category scores add up to the UCI total corruption score. In this way, my survey yielded both *category-specific* and *aggregated* scores for fifteen countries, including a mixture of low-income (Bangladesh, Ghana, India, Indonesia, Nigeria), middle-income (Brazil, China, Russia, South Africa, Thailand), and high-income countries (Japan, Singapore, South Korea, Taiwan, the United States). More methodological details are contained in chapter 1 and the appendix of *China’s Gilded Age*.

The CPI and WGI are not based on in-house surveys; rather, they are constructed by combining scores from third-party surveys (Arndt and Oman 2006; Apaza 2009).¹³ These surveys tend to ask respondents to rate corruption in a country using broadly worded questions. For instance, the World Competitiveness Yearbook, one of CPI’s sources (Transparency International 2016a), asked business leaders to rate corruption based on a single terse question:

▮ Bribery and corruption: exist or do not exist.

9 According to Wedeman (1997, 460), looting is the most damaging form of corruption as “corrupt officials either consume their illegal incomes immediately or send them abroad for safekeeping.” Likewise, Sun (2004, 110) states that corruption with theft “entails absolute loss for an economy.”

10 On bribery as a tax or worse than taxation, see Shleifer and Vishny 1993; Bardhan 1997; Wei 2000; Fisman and Svensson 2007.

11 For details on Global Integrity’s Africa Integrity Indicators, visit their website at <https://www.globalintegrity.org/2018/08/21/africa-integrity-indicators-2017-data-launch-aii7/>.

12 Global Corruption Barometer, a survey conducted by TI with citizens around the world, focuses on the payment of bribes to access public services, which is equivalent to speed money in my typology.

13 For critiques of CPI’s methodology and uses, particularly by its creator, Johann Lambsdorff, see “Johann Lambsdorff Retires the Corruption Perceptions Index,” Global Integrity blog, September 1, 2009, <https://www.globalintegrity.org/2009/09/18/post-452/>.

Another similar example is from the EIU's Country Risk Ratings:

Are there general abuses of public resources?

Evidently, overly broad wording presents a validity problem: "corruption" or "abuses" can mean vastly different things to different people.

To improve measurement validity, my survey asks respondents to evaluate corruption using stylized vignettes, designed to be concrete and yet generic enough to represent a class of similar corrupt activities. For example, inspired by the corruption saga of the Chinese politician Bo Xilai, one question captures "crony capitalism" in this way:

By cultivating close ties with a powerful official and paying for his family's expenses, a businessperson gains monopoly access to public construction projects. How common do you think this *type* of scenario is in [country] today?

A second vignette captures conflict of interest among influential actors who rotate between government and corporations, inspired by a *New York Times* article on "a revolving door between Washington and Wall Street" in the housing and financial industry.¹⁴

Major figures move back and forth between the public and private sector, and there are no laws forbidding this practice. How common do you think this *type* of scenario is in [country] today?

Using vignettes to "anchor" respondents with potentially divergent interpretations of survey questions helps to mitigate cultural or other biases regarding what constitutes corruption (King et al. 2004; King and Wand 2007), which is a perennial challenge in measuring corruption (Davis and Ruhe 2003; Robertson and Nichols 2017). Note that my survey questions do not ask respondents to pass judgment on whether a scenario is corrupt. Instead, they are simply asked to rate how commonly it occurs in the particular country they evaluate, using a five-level Likert-type scale, ranging from "extremely common" to "never occurs." This ensures that respondents are rating the same scenarios, and in doing so, consistency is improved.

VISUALIZING UNBUNDLED CORRUPTION

The UCI measures four typological clusters (petty theft, grand theft, speed money, access money) on a scale of 0 to 10, with 10 indicating the highest perceived level of corruption. The sum of the four categories is the UCI total score, which ranges from 0 to 40. To facilitate analysis, the scores are visualized in a format shown in figure 1, which displays the total UCI score and the distribution of this aggregate score across four categories. The category that takes up the highest proportion of the score is interpreted as the dominant mode, shaded in orange.

One key advantage of UCI is that it simultaneously visualizes the *quantity* of corruption (in each of the four categories and in total) and its *quality* (which type of corruption dominates). This approach reveals significant patterns that conventional bundled scores obscure.

Countries with identical bundled scores can have divergent structures of corruption, as a comparison of China and India reveals. In 2017 China's CPI score was 41 and India's was 40. In my survey, China and India also rank next to each other. Yet as figure 2 shows, the most dominant type of corruption in China is access money, whereas in India, it is speed money. This finding is consistent with the Global Corruption Barometer (GCB), a separate survey conducted by TI, which asked ordinary citizens around the world whether they had to pay a bribe in order to access public services (Transparency International 2017). In the period of 2015 to 2017, the GCB reported that 69 percent of respondents in India paid petty bribes, compared to only 26 percent in China.

Another advantage of UCI is that it reveals that some wealthy countries with low aggregate levels of corruption may have moderately high levels of access money. The United States is a case in point. According to the CPI in 2017, the United States is ranked among the least corrupt countries in the world, rated no. 16 out of 180 countries. Middle-class American citizens do not normally encounter bribe-taking public officers, nor are scandals about elite embezzlement of public funds common. Yet the US score on access money (6.9) is above average in my data set of 15 countries, higher than Thailand (6.5), South Korea (6.1), and even Ghana (5.8) (see figure 3)

The design of a survey influences the responses it gets. Many of the third-party surveys used to create the CPI and WGI ask respondents to rate the overall level of corruption in a given country without unpacking their impression (for example, see the World Competitiveness Yearbook and EIU, which were earlier described). I replicated the wording of these surveys by posing this question in my UCI survey, before presenting the unbundled vignettes: "How do you grade the problem of corruption in [country] today on a scale of 0 to 10, with 10 being most severe?"

As figure 3 shows, when respondents are asked for their overall impression, they report lower levels of corruption in wealthy economies and higher levels of corruption in poor countries than compared to responses obtained using the UCI method (rating each vignette and then adding up scores). For example, the United States and Singapore are perceived as less corrupt by overall impression than by the UCI method. It could be that when respondents are asked to evaluate corruption in a single question, as seen in conventional surveys, they overlook nonillegal manifestations of access money such as influence peddling and regulatory capture. But when perceptions are unbundled, these activities are factored into the total. Conversely, Nigeria and Ghana are perceived as more corrupt by overall impression than by the UCI method. This may reflect the fact that the types of corruption that dominate in Ghana (speed money) and Nigeria (grand theft) are visible to the public or widely condemned.

In short, existing surveys and bundled scores not only fail to distinguish among different varieties of corruption, they also tend to *undercount* corruption among rich countries and *overcount* corruption in poor countries. Put differently, the standard approach amplifies the perceived gap in corruption between high- and low-income countries. No-

14 Gretchen Morgenson, "A Revolving Door Helps Big Banks Muscle Out Fannie and Freddie," *New York Times*, December 7, 2015.

tably, perceived corruption scores affect countries' risk ratings. For example, both Moody's and Fitch, two of the world's largest credit rating organizations, use the World Bank's Control of Corruption Indicator, which follows a similar methodology as CPI, to construct ratings on institutional strength and sovereign risks (Panizza 2017; see also Arndt and Oman 2006, chapter 3), which in turn influence corporate investment, capital allocation, and the cost of loans. Thus the financial implications of biases built into bundled ratings are potentially huge.

Despite their flaws, existing global indices provide the best available source for comparing corruption levels across countries. They have performed a critical public function by successfully mobilizing public awareness and constructive action around anticorruption. Through these indices, TI and other organizations have also successfully mobilized public awareness and constructive action around anticorruption. As TI (2020) states on its website, "We've fought to put in place binding global conventions against corruption" and "helped hundreds of thousands of people to take a stand."

But there is plenty of room for augmenting existing indicators and enabling targeted methods of anticorruption by unbundling corruption. To be sure, the UCI is only a pilot, and much more work is needed to refine its design and implementation. The patterns in my survey are only suggestive, and future research is necessary to confirm or disprove them. Nevertheless, my effort provides a theoretical framework and procedural prototype for systematically measuring distinct categories of corruption across countries.

Having introduced my framework of unbundling corruption and my measurement strategy, next I explore how this perspective could change our responses to a few commonly asked questions about corruption, as well as new questions it motivates.

WHAT IS CORRUPTION?

Corruption is conventionally defined as the abuse of public office for private gain (World Bank 1997; International Monetary Fund 2016; Transparency International 2016b). Most studies interpret this to mean *illegal* abuses of power, including graft, embezzlement, and vote buying, which are most rampant in poor countries. In particular, classic models of corruption focus on bribery.¹⁵ To give two examples from a long list, Shleifer and Vishny's seminal article on corruption considers only bribery,¹⁶ and Fisman and Golden's (2017, 1) primer on corruption opens with the problem of "whether to pay a bribe to receive a government benefit or service."¹⁷

This conventional scope of corruption omits *nonillegal*

exchanges of power and profit among elites that do not involve bribes or breaking laws, which do exist in wealthy democracies. Examples include cultivating political connections, campaign finance, revolving-door practices (moving between leadership posts in private and public sectors), making offers of future lucrative positions, and "undue influence" (defined by legal scholars as "a distortion of political outcomes as a result of the undue influence of wealth").¹⁸ Such activities "hover on a legal borderline," to use Svensson's (2005) term; thus they are more accurately described as nonillegal than as legal.

To some, whether such actions count as corruption is debatable. Consider lobbying in the United States (Fisman and Golden 2017, 78–79): lobbyists are registered, campaign donations are mostly public, and lobbying is legitimate and even necessary for democratic representation. It is only "corrupt" when this influence is excessive or advances narrow interests at the cost of public welfare. But it is nearly impossible in practice to determine when lobbying has crossed the line into corruption.¹⁹

Others may consider it offensive to apply the label of corruption to actions that take place in first-world democracies. As legal scholar Lessig (2018, 12) acknowledged in his analysis of the American political system, the notion that "our Congress is corrupt as an institution, while none of the members of Congress is corrupt individually" is "hard . . . for many to accept." Likewise, writing about the United Kingdom, Whyte (2015, 1) noted that calling out corruption in rich nations may appear to denigrate a "self-imagined national heritage . . . [of] fairness and democracy."

I see it differently, however: those who value democracy should be all the more vigilant about the perversion of formal political representation by powerful interest groups. As the economists Glaeser and Goldin (2006, 3) put it starkly, "To most Americans, corruption is something that happens to less fortunate people in poor nations and transition economies." This common impression contributes to apathy and complacency in first-world democracies, which dampens public pressure for crucial reforms, including in campaign finance, financial regulation, and climate action.

One advantage of my typology for unbundling corruption is that it factors "access money" into the definition of corruption. In doing so, it makes clear that wealthy countries have corruption, but of a different type compared to poor countries.²⁰ Moreover, my vignette-based survey design can encompass both legal and illegal modes of access money. The UCI yields insights into both aggregated and disaggregated levels of corruption, thus providing parsimony and nuance.

In Svensson's (2005, 20) article, he writes, "Corruption is often thought of as a tax or a fee." My framework points

15 Johnston (2005) makes a similar observation. For a nonexhaustive list of influential corruption studies focusing on bribery, see Rose-Ackerman 1978; Besley and McLaren 1993; Bardhan 1997; Ades and Di Tella 1999; Rose-Ackerman 1999; McMillan 2005.

16 In Shleifer and Vishny 1993, the term "corruption with theft" refers not to embezzlement but rather to bribery that results in a loss of public revenue—e.g., bribing customs officers to waive customs taxes.

17 But note that the authors subsequently discuss whether corruption should include influence peddling and legal practices.

18 On why definitions of corruption matter, see Issacharoff 2010; Nichols 2017.

19 One exception is former lobbyist Abramoff, who was convicted of conspiracy, fraud, and tax evasion in an American Indian casino lobbying scandal. See "Jack Abramoff: The Lobbyist's Playbook," *60 Minutes*, November 6, 2011.

20 Whyte (2015, 5–7) applies the term "corruption of the strong" in contrast to "corruption of the weak."

Unbundled Corruption Index: Score and Rank of 15 Countries

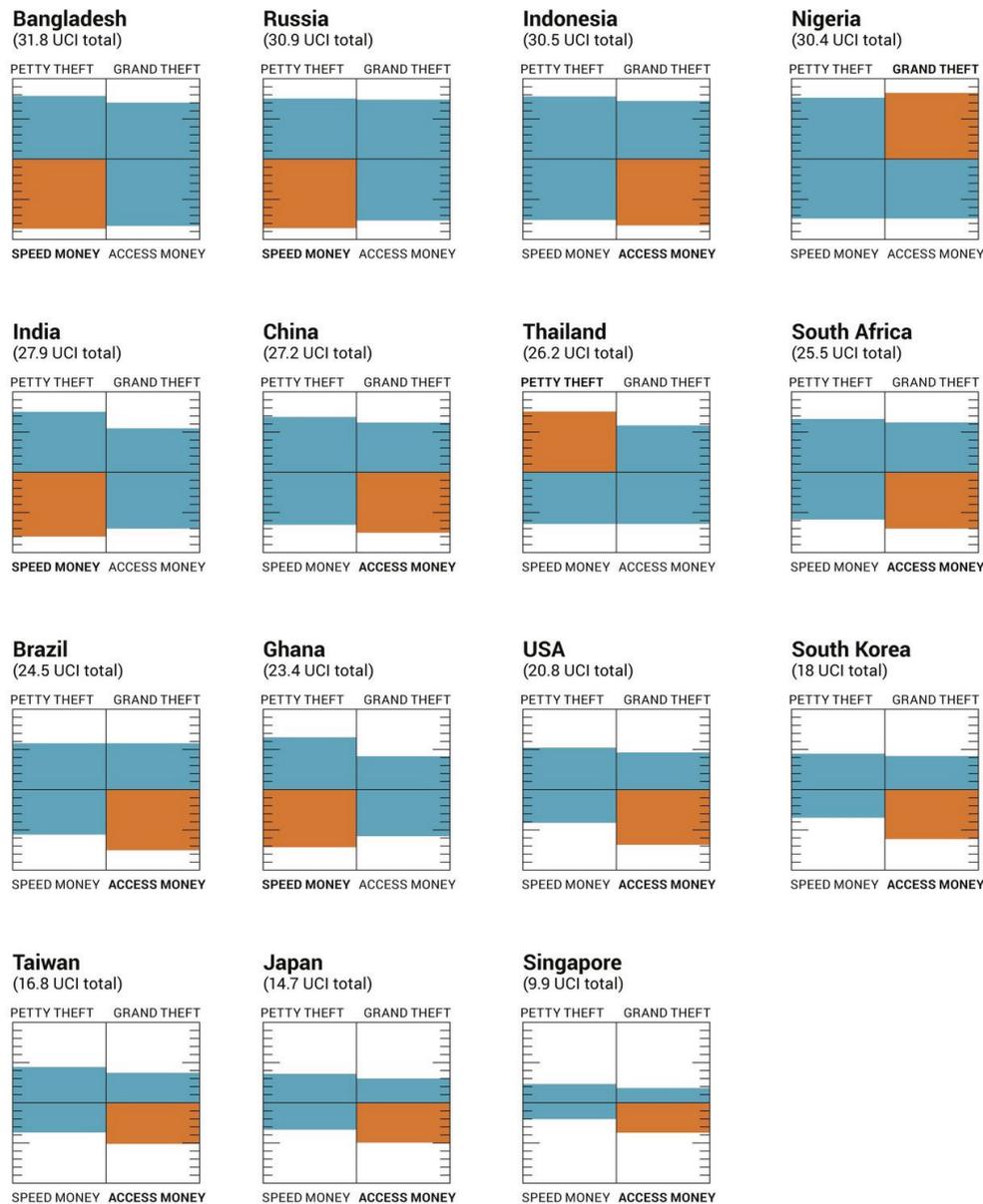


Figure 1: The UCI visualized across fifteen countries

out that from a capitalist’s point of view, access money is an *investment*. In the United States, big corporations sink billions of dollars into lobbying every year because returns exceed costs.²¹ Another example is a recent study of the Brazilian construction company Odebrecht, which paid bribes in ten Latin American countries and two African countries in more than one hundred projects. The company’s payments of \$788 million in bribes was estimated to increase its profits by \$2.4 billion (Campos et al. 2019).

Thus, access money must be distinguished from speed money—that is, bribes paid to avoid harassment and delays. Firm-level surveys that include questions on the experience of paying bribes, such as the World Bank’s Doing Business Index, most likely capture only speed money. Companies may want to complain about business hurdles and extractions, but they are unlikely to admit to buying influence, as the case of Odebrecht suggests. Expert, perception surveys thus remain a necessary means of measuring access money, despite their inherent limitations (Olken 2009; Razafind-

21 Econometric studies of American companies find a positive, robust relationship between lobbying expenditures, corporate financial performance, and future excess returns (Kim 2008; H. Chen, Parsley, and Yang 2015).

rakoto and Roubaud 2010).

WHAT TYPES OF CORRUPTION DOMINATE IN WHICH COUNTRIES?

In his review article, Svensson asks, “Which countries are the most corrupt?” His answer is that it depends on which corruption measure we use. But it turns out that the available indicators are highly correlated. Indeed, according to Svensson (2005, 22), the correlation between the CPI and the World Bank’s Control of Corruption Index is 0.97—nearly identical. The countries that appear on the most corrupt list are no surprise: for example, Bangladesh, Indonesia, and Nigeria.

Unbundling corruption prompts us to ask a different question: what types of corruption tend to dominate in which countries? Although my pilot UCI covers only fifteen countries, we can still discern a clear pattern: access money is the dominant type of corruption among the five high-income cases (United States, South Korea, Japan, Taiwan, and Singapore). Within this group, the level of access money in the United States is the highest. Do qualitative patterns vary by income level, regime type, or both? Does decentralization foster certain types of corruption while diminishing others? Why is access money more prevalent in some wealthy countries than in others? To examine these questions, we need data on types of corruption across a large set of cases.

This discussion brings me to a methodological issue concerning small-n, comparative studies: How can we determine which type of corruption dominates in a country? Among qualitative researchers, there are abundant studies that characterize particular countries as having a certain type of corruption. For example, according to Johnston (2005, 2008), Japan represents “influence markets,” South Korea represents “elite cartels,” India represents “oligarchs and clans,” and China represents “official moguls.” A clear problem with this approach is subjectivity. Each analyst may classify the same cases under different categories. China is a case in point: its corruption is variously characterized as “similar to many of the worst examples of economically destructive corruption,” “less destructive” than in Russia, and “helped to navigate around excessive regulations” (Sun 1999; Wedeman 2012; Huang 2015). Whose opinion is correct?

The same question can be asked of an influential literature in political economy on “extractive/nonextractive” institutions (Acemoglu 2008; Acemoglu and Robinson 2012), “close/open access orders” (North, Wallis, and Weingast 2009), and “clientelist/capitalist political settlements” (Khan 2010).²² Their approach is to illustrate categories within a proposed typology using selected country cases. What are their classification criteria? How should analysts determine which category China, Ghana, Finland, or any country fits into?

By specifying clear, common criteria for measuring levels of corruption across categories, as I did in the UCI pilot,

we can debate issues of survey design and data collection rather than individual subjective opinion. This makes qualitative classification more rigorous.

DOES CORRUPTION ADVERSELY AFFECT GROWTH?

Another question posed by Svensson is, Does corruption adversely affect growth? It is widely believed that corruption impedes economic growth (Mauro 1995; Kaufmann, Kraay, and Zoido-Lobaton 1999; Mo 2001; Treisman 2007). Mauro’s (1995) famous article was the first to empirically establish a negative link between corruption and growth using cross-national data. In Svensson’s updated replication of Mauro’s article, however, Svensson (2005, 39) does not find a robust effect of corruption on growth. Still, in a 2007 review of the literature, Treisman (2007, 225) concludes, “The correlation between economic development and perceived corruption is extremely robust.”

So what should we take away? As Svensson (2005, 39) sharply underscores, “There is no reason to believe that all types of corruption are equally harmful for growth. Existing data, however, are by and large too coarse to examine different types of corruption in a cross-section of countries.” A second problem is that growth, measured as GDP per capita, cannot adequately capture the economic impact of corruption. Access money may stimulate growth but produce distortions and risks that erupt only during a crisis, yet such risks are nearly impossible to measure.

By unbundling corruption and distinguishing the effects of different types of corruption, we can better explain why certain countries—most notably, China—achieved an economic boom despite signs of serious corruption (Ang 2020). To be sure, China has all forms of corruption, but the dominant type today is access money, as shown in figure 2. In China access money spurs politically connected capitalists to feverishly invest and build, while enabling politicians to achieve their development targets and ascend career ladders. Yet, functioning like steroids, this corruption also produces distortions and risks. For example, it channels excessive investment into speculation in real estate, widens inequality in society and between connected and nonconnected capitalists, and generates strong vested interests that block liberalization. Painfully aware of these dangers, the Chinese leadership is today fighting to “de-risk” the economy while pressing on with President Xi’s forceful crackdown on graft, launched in 2012.

How is the Chinese paradox different from the situation in Indonesia, a country that also saw crony capitalism and growth, particularly under President Suharto? One crucial difference is that the Chinese government took strong, methodical measures to curb growth-damaging forms of corruption (petty theft, grand theft, speed money). Beginning in 1998, China invested in an ambitious program to build state capacity nationwide: establishing a single treasury account system, adopting procurement rules, separating accounting firms from government agencies, promulgating a new Civil Service Law, and more. These dry, technical re-

²² The same question applies to the literature on the “East Asian Paradox” (Wedeman 2002), which asserts that corruption in East Asia was characterized by “stable and mutually beneficial exchanges of government promotional privileges for bribes and kickbacks” (Rock and Bonnett 2004, 999). How do we know that this observation by a particular analyst is correct rather than idiosyncratic? The purpose of an expert survey is to systematically collect responses from a large group of experts, following a structured questionnaire.

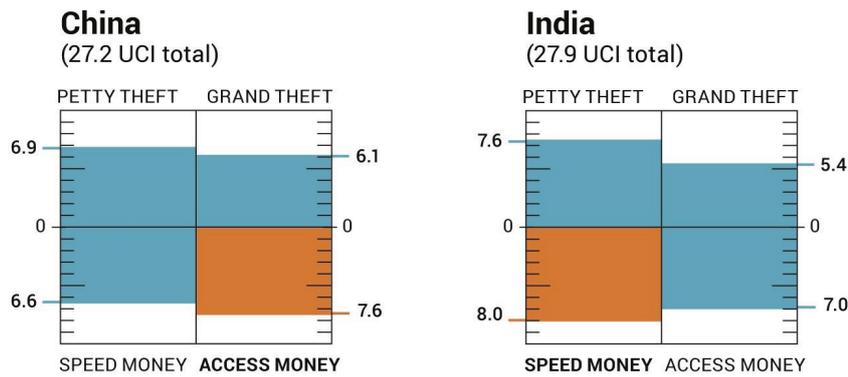


Figure 2: Similar total scores but divergent structures of corruption

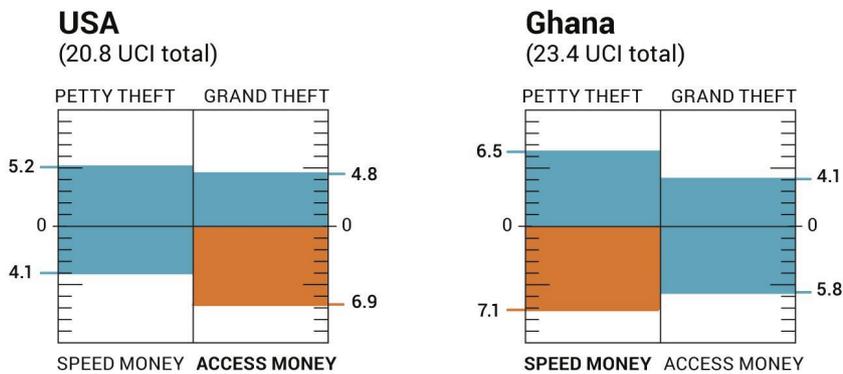


Figure 3: The U.S. is a case of low aggregate corruption paired with high access money

forms served to reduce the incidence of fiscal malfeasance and low-level corruption through stronger monitoring mechanisms, but they do not deter business and political elites from exchanging money for power among themselves.

Those who characterize China as a kleptocracy fail to notice an important structural shift: starting around 2000, bribery exploded, but corruption with theft and practices of bureaucratic extortion declined. This reflects nationwide capacity-building efforts paired with the astronomically rising value of political connections in a state-led market economy. As my analysis of prosecutorial data in *China's Gilded Age* finds, in 1998 there were twice as many cases of “corruption with theft” than “corruption with exchange,” but by 2014 the two categories had switched places. This temporal pattern is generally consistent with Chinese media reports of corruption: after 2000 complaints about arbitrary extractions of fees and fines and misappropriation of public funds declined, while new concerns about “rent seeking” and “hidden rules” emerged and surged in public discourse. China’s CPI score, which has consistently remained in the moderately high range, obscures crucial changes in patterns of corruption.

A survey of other existing indicators suggest that China indeed has more effectively curbed other growth-damaging forms of corruption (petty theft, grand theft, and speed money) than Indonesia. The UCI finds that Indonesia has a higher score in all categories of corruption than China. In speed money, consistent with TI’s 2017 Global Corruption Barometer, fewer Chinese (26 percent) than Indonesians (32 percent) reported paying bribes to access public services. China also displays higher ease of doing business, in connection with the central government’s efforts to cut red tape and fees. According to the World Bank’s 2019 Doing Business Report, China ranked 46 out of 190 countries, while Indonesia trailed at no. 73.

In other words, China is fiercely probusiness, yet its corruption is so serious that the president himself warned it would “doom the nation and Party” if left untreated.²⁵ This is not a contradiction because the dominant type of corruption in China is access money—paying political elites for special deals and privileges—which, to capitalists, is an investment, not a tax.

In this and other respects, the closest parallel to China is not contemporary Indonesia (Pei 1999) but rather the

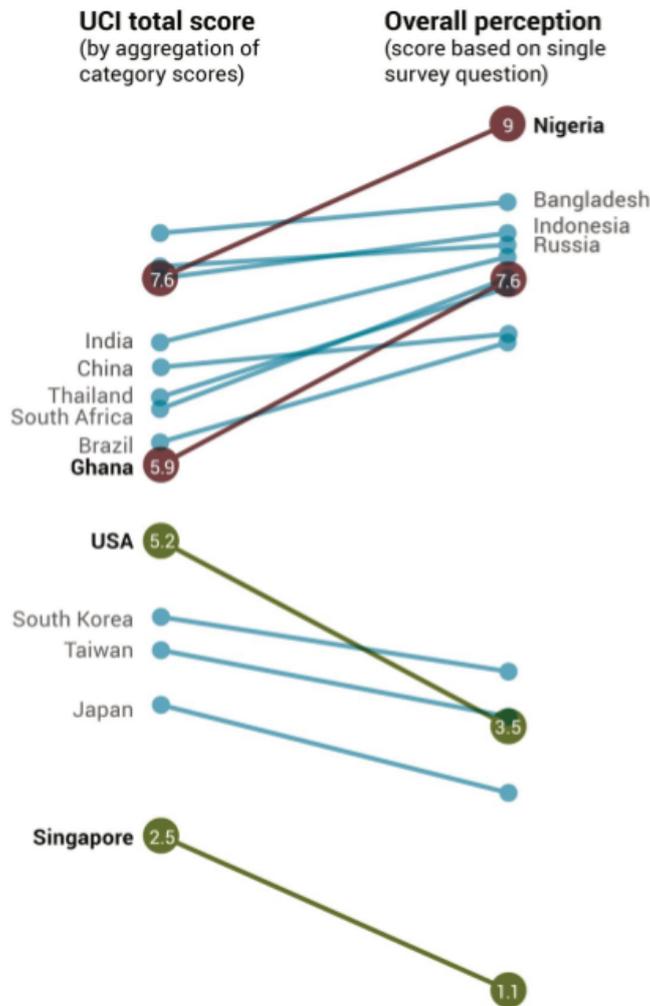


Figure 4: Comparing scores in bundled and unbundled survey questions

United States in the nineteenth century, a period known as the Gilded Age. Both the Chinese and American Gilded Ages are eras of reconstruction following a period of total devastation—namely, the Cultural Revolution in China and the Civil War in the United States. This condition enabled the emergence of a class of nouveau riche and millions of rags-to-riches stories that occur only once in several generations. Both governments also built state capacity alongside the flourishing of money politics. In the United States, this capacity building took place during the Progressive Era (the 1890s to 1920s), whereas in China, a similar program to build a modern administrative state began in 1998 (Ang 2020, chapter 7).

The forms and effects of access money on economic development also appear to vary by stages of market and state building. At early stages of development, acts of transactional corruption among elite players sometimes serve as “credible commitments” by political elites to protect property rights (Haber, Razo, and Maurer 2003). Again, China provides a good example. During the early decades of mar-

ket opening, when the rule of law was virtually absent and expropriation risks were high, investors from neighboring countries in Asia were nevertheless willing to invest because many of them shared personal ties of exchange with local officials, dubbed “guanxi” (Xin and Pearce 1996; Gold, Guthrie, and Wank 2002). Indeed, the common practice at the time was to mobilize entire local governments, regardless of office or rank, to recruit investors and serve as private protectors, with kickbacks from investment as part of the deal (Ang 2016, chapters 1 and 5). During this period, access money was rudimentary (cash bribes in exchange for protection and privileges) and did not create significant financial risks. Accelerated market expansion in the first decades of this century, however, shifted dealmaking toward high-stakes, speculative investment in real estate, leading in China today to hordes of empty apartments and mounting local government debts.

Generally, the risks of access money increase with the “financialization” of the economy, where politically connected players can rig complex, opaque financial schemes

23 Edward Wong, “New Communist Party Chief in China Denounces Corruption in Speech,” *New York Times*, November 19, 2012.

for astronomical gains, with minimal or no checks (White 2011; Kocka 2015). This story of collusion and loose regulations leading to excessive speculation and finally a collapse of the financial system dramatically played out during the 2008 US financial crisis.

In short, does corruption adversely affect growth? It depends on the *type* of corruption that dominates, which is a function of state capacity, the power and role of government in the economy, and the stage of economic and institutional development.

HOW DOES ELITE POLITICS INTERACT WITH STREET-LEVEL CORRUPTION?

The study of corruption is often divided into two extremes, between so-called grand and petty corruption (Bussell 2012; Jain 2001; Rose-Ackerman 1999, 2002). On the one end are macro theories on “political settlements,” “deal spaces,” and “open/limited access order” (North, Wallis, and Weingast 2009; Khan 2010; Acemoglu and Robinson 2012; Mehta and Walton 2014; Pritchett, Sen, and Werker 2017). This literature provides an essential framework for understanding how the distribution of power affects time horizons and hence the efficacy of development policies. Its focus, however, is exclusively on the preferences of political elites. The assumption is that once elites have worked out certain deals, they can be implemented. Yet as we know from the ample literature on state capacity, developing countries often cannot effectively implement policies or deliver public services even when the leadership really wants to do so (Centeno, Kohli, and Yashar 2016; Andrews, Pritchett, and Woolcock 2017).

On the other end is an abundance of micro studies on petty or street-level corruption, many involving the use of experiments (Olken 2007; Barr and Serra 2009; Lambsdorff and Frank 2010; Armantier and Boly 2011). In development, this is augmented by the PDIA (problem-driven iterative adaptation) movement, which focuses on bureaucracies (Andrews, Pritchett, and Woolcock 2017). This literature sheds light on the causes and dynamics of petty bribery and theft, and conversely, what makes bureaucracies work better. Yet even the most able public administration cannot effect national changes if elites at the helm of power are embroiled in power grabbing.

For a complete picture of development in any country, therefore, we must consider both the “deal spaces” among elites and the “capability” of the public administration. My typology of unbundling corruption encompasses both. Access money is a political issue, shaped by who holds power and how power is applied. Petty theft, speed money, and even embezzlement can be mitigated through capacity building (for example, cashless payments can reduce petty bribes; e-governance can reduce leakage of public funds and make embezzlement easier to detect). Capacity building, however, is not merely a technical task. Practitioners should

be reminded that in order to effectively carry out such reforms, they must also be compatible with the interests of political elites.²⁴

Tying together the macro and the micro requires that we distinguish between *preferences* and *capacity*. The study of political elites mainly concerns their goals. Are elites willing to work together and share rents? Will they honor rules of profit sharing? On the other hand, the study of public administration concerns capacity. Is the bureaucracy staffed with qualified technicians who are adequately paid? Are there mechanisms for tracing financial transactions? Evidently, these are two very different sets of questions, but addressing both is necessary for *sustained* economic growth, which, as Pritchett, Sen, and Werker (2018) point out, is what brings about development.

WHAT IS THE RELATIONSHIP BETWEEN CORRUPTION AND DEMOCRACY?

It is commonly believed that democracies should be less corrupt than authoritarian regimes as democracies provide formal mechanisms of accountability to “kick the rascals out of office” through elections. In addition, the presence of a free media and civil society should help to expose corruption and keep abuses of power in check. Existing cross-national regression analyses, however, find inconsistent results on the relationship between corruption and democracy.²⁵ As Fisman and Golden explain, one reason for this disappointing pattern is that democratic institutions in poor countries are often weak; for example, vote buying is rampant (Hicken 2011).

Unbundling corruption points to a different problem with existing cross-national analyses: they have all relied on bundled scores of corruption. As a result, the focus of examination has been on the relationship between democracy and the overall quantity of corruption, rather than between democracy and dominant types of corruption among countries at comparable income levels.

The potential links between democracy and the quality of corruption, rather than only its quantity, is best illustrated by revisiting a comparison of China’s and India’s UCI scores. Although China is the world’s largest autocracy while India is the largest democracy, both are notorious for corruption—but, as I showed, corruption of different types. For a more nuanced comparison, table 4 lists China’s and India’s score on four survey questions, two about speed money and two about access money. Although Chinese citizens do sometimes complain about arbitrary fee extraction and petty bribery, these problems are even more endemic in India. For example, the *New York Times* reported that hospital staff in India routinely demand petty bribes to deliver even basic public services, from providing wheelchairs to allowing parents to carry their newborns.²⁶ It is also more common for businesses in India (4.5) than in China (3.5) to pay petty bribes to accelerate the process of obtaining per-

24 For example, in China, local government leaders were motivated to enforce capacity-building reforms because curbing predatory corruption helped attract growth and investment, which brought them both financial rewards (in the form of personal rents and graft) and improved promotion prospects (Ang 2020, chapter 3). Conversely, in colonial India, upper castes elites undermined bureaucratic capacity in collecting taxes and supplying public goods as they sought to retain their privileges (Suryanarayan 2020).

25 For reviews, see Stephenson 2015; Fisman and Golden 2017.

26 Celia Dugger, “When a Cuddle with Your Infant Requires a Bribe,” *New York Times*, August 30, 2005.

mits, a classic example of speed money.

But although China may have less petty bribery than India, access money flows abundantly in the Middle Kingdom. The scandal of Zhou Yongkang, a former member of the Standing Committee of the Politburo who fell during Xi's anticorruption campaign, revealed that top Chinese politicians cultivate an extensive clientele network through which massive bribes flow, even if the patron doesn't personally take bribes.²⁷ This style of bribery appears more prevalent in China than in India. Plying the family members of political leaders with perks in order to cultivate close ties with them, as Bo Xilai's saga exposed, is also more common in China.

Why does speed money dominate in India, whereas access money prevails in China? This difference may stem from the two countries' contrasting political regimes. The system of checks and balances in India's fragmented democracy gives numerous veto players the power to block decisions but not to unilaterally approve requests or extend deals. As Bardhan (1997, 2010) insightfully illustrates with a quote from a high-level official in New Delhi, "If you want me to move a file faster, I am not sure if I can help you. But if you want me to stop a file, I can do it immediately." By contrast, in China, power is concentrated in the hands of individual leaders who can waive restrictions and open doors without needing to overcome filibustering.

HOW DOES CORRUPTION RELATE TO INEQUALITY?

Corruption impacts not just growth but also inequality, both economic and political. The two types of inequality are inseparable, although the literature and popular discourse tend to focus only on income inequality (Piketty 2014). On this note, it is worth paying close attention to the UNDP's Human Development Index (HDI) in 2019, which promises to go "beyond income" and focus on "inequalities in other dimensions such as health, education, access to technologies, and exposure to shocks" (UNDP 2019). This expanded conception of inequality appropriately reflects the changing realities of the twenty-first century. I suggest, however, that future extensions of this measure should also address inequalities in *political influence*, which are inextricably tied to corruption.²⁸

Unequal political influence takes varied forms across countries. In China, where the rule of law is relatively weak and personal power is concentrated, this unequal influence manifests as "political connections," ties that private entrepreneurs cultivate with individual elite officials for profit-making privileges. Connected capitalists enjoy more influence and economic advantages than their nonconnected counterparts (Li, Meng, and Zhang 2006; Jia 2016).²⁹ On the other hand, in advanced capitalist economies that boast strong formal institutions and rule of law, unequal political

influence manifests in lobbying and regulatory capture, through which big corporations and interest groups can legally exert overwhelming influence on policymaking. Because unequal access to political influence profoundly shapes the making of laws and policies, it affects inequality in all other realms.

CONCLUSION

A focus on unbundling corruption changes not only our responses to questions but also the very questions we ask. When corruption is conceptualized and measured as a score on a single dimension, from 0 to 100, this prompts analysts to ask: Which countries are most corrupt? Are democracies more or less corrupt than autocracies? Does corruption always impair growth? Once corruption is unbundled, however, we raise a different set of questions: Which types of corruption dominate in which countries? At similar income levels, does the type of transactional corruption in democracies differ from that in autocracies? Which types of corruption are most directly damaging to growth and equity? What are the risks and distortions generated by access money?

Creating a cross-national measure for different types of corruption is a necessary step for advancing the literature, both large-*n* regression analyses and small-*n* comparative studies. For policymakers, it also provides a crucial aid for tailoring anticorruption strategies to fight particular dominant modes of corruption (OECD 2018; Pyman 2018), in place of a one-size-fits-all approach. This article presents a theoretical framework for unbundling corruption and a prototype for measuring it. In doing so, I hope this effort invites other researchers not only to improve the measure but also to pay more attention to studying the effects and causes of different *types* of corruption.

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27 Lucy Hornby, "Zhou Yongkang: Downfall of a Patron," *Financial Times*, March 31, 2014.

28 One volume on political inequality considers democracy, class politics, and legislative representation of minorities, yet it contains almost no mention of corruption (Dubrow 2014).

29 On the value of political connections in Indonesia, see Fisman 2001, and in Vietnam, see Malesky and Taussig 2008.

Table 2: Different Types of Corruption Harm in Different Ways

	<i>Theft or exchange</i>	<i>Elites or non-elites</i>	<i>Legality</i>	<i>Economic effects</i>	<i>Analogy</i>
<i>Petty Theft</i>	Theft	Non-elites	Illegal	Growth-damaging	Toxic drugs
<i>Grand Theft</i>	Theft	Elites	Illegal	Growth-damaging	Toxic drugs
<i>Speed Money</i>	Exchange	Non-elites	Illegal	Shortens delays but imposes cost	Painkiller
<i>Access Money</i>	Exchange	Elites	Legal and non-illegal	Stimulates growth but generates distortions, risks, and inequality	Steroids

Table 3: Unbundling Four Corruption Categories into Subcategories

	<i>Non-elites</i>	<i>Elites</i>
<i>Involves theft</i>	<p>Petty theft Street-level bureaucrats privately pocket illegal fees or extort street vendors for protection money; agencies coerce companies to pay for their services or take group vacations on public funds</p>	<p>Grand theft Top officials illegally siphon public funds into private accounts, create ghost payroll for family members, or illegally keep state-subsidized properties for themselves; executives in state-owned companies collude to embezzle funds</p>
<i>Involves exchanges</i>	<p>Speed money Citizens pay police bribes to avoid penalties, tips to receive basic medical services, private payments to expedite medical services, or small bribes to speed up licensing process; there are excessive regulations to extract bribes</p>	<p>Access money Businesses directly pay massive bribes for deals, pay for politicians' family expenses for deals, or allocate corporate positions to family members of politicians; politicians build clientelist network for indirect bribe-taking; lobbying for favorable regulations; revolving door; loosening of oversight and bailouts with impunity</p>

Table 4: China vs. India on Speed Money and Access Money

<i>Category of corruption</i>	<i>Survey question</i>	<i>China's score</i>	<i>India's score</i>
<i>Speed money</i>	At public hospitals, patients are expected to pay hospital staff "tips" or small bribes for even the most basic services, from having wheelchairs to seeing newborn infants at nurseries.	3.1	3.7
	To speed up the process of obtaining permits, businesses pay minor bribes to approving officials.	3.5	4.5
<i>Access money</i>	By cultivating close ties with powerful officials and paying for their family's expenses, businesspeople gain monopoly access to public construction projects.	4.1	3.3
	Top politicians are linked to extensive networks of former associates, protégés, and/or family members, who monopolize power in certain sectors of the economy. While the politicians themselves never or rarely accept bribes, a massive amount of bribes flows through their networks.	4.3	3.7

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