

# Thinking About Political Corruption

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Peter de Leon



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**Peter de Leon**

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## PREFACE

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In 1986, when I was doing research for a book that was to become *Advice and Consent* (1989), I was intrigued by the lack of analysis in the literature on Watergate relating the scandal to American politics. There was more journalism, histories, and personal tellings of Watergate than one could shake a stick at—which were all well and good—but nothing that examined how Watergate, as an instance of political corruption, affected the American political system. However disparate these authors' training and purpose, they all seemingly reached the same conclusions: that, in President Gerald Ford's words, the long nightmare of Watergate was behind us and there was little reason for generalization. My disappointing survey, which I now sheepishly admit was probably incomplete,<sup>a</sup> led me to wonder why this (at least to me) obvious gap existed in the literature. It led me to pose broader questions about political corruption and about why there was so little work examining its generic effect on the United States. Which led to the present book.

This book has been a more difficult book to write than I had anticipated. I now have a very intimate appreciation of why the analysis of political corruption is an underattended subject. The subject matter is truly fascinating—the literal stuff of political drama—but the actors,

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<sup>a</sup> Given the immense library on Watergate, I suspect it approaches the infinite monkeys on infinite typewriters syndrome, e.g., there might be an article somewhere relating Watergate and Hamlet, or Gemstone and Wilkie Collins' *Moonstone* (1868), etc.



their motives, and scenarios are so varied that to weave them together in a coherent pattern required more work than I had ever imagined in the naive days when I proposed the book to a publisher. I am grateful for having written this book; I have learned more than I had bargained for, always a good feeling. Still, I confess that at times I felt as if the book were somehow taking over and writing itself. Perhaps the key lesson could be to respect the market signals: when there appears to be an obvious interest matched by an equally obvious gap, it is circum-spect to wonder why.

Writing this book was difficult in another sense. It is important for the reader to know my personal sentiments on the subject of political corruption. I am not a neutral observer. Reading volumes about various incidents of public corruption, watching individuals with motives and standards far removed from mine commit what I consider deliberate violence to the public order, tended to raise my blood pressure. Marginalia in my source books testify that I did not take the culprits' actions lightly or from an academic's detached perspective. However, then to sit back, softly contemplate and analyze corruption from a dispassionate perspective required a very different, more tolerant perspective; to treat these cases as mere illustrations of a larger theme rather than verse for the pulpit was often a difficult struggle. I trust that for the most part, my analytic angel has held the field; if readers should occasionally sense my emotive angel snatching a phrase or two (maybe a page), I hope they will appreciate that even the best analysis should reflect the author's values.

Let me offer a very quick Baedeker for the reader. I am, by profession, an academic. Chapter 2, rather laced with theory, is largely written as dues to my colleagues, payments the general reader might not wish to incur. The less academically oriented may be inclined to read the introduction (Chapter 1), skim (or even skip) Chapter 2, read the case studies (Chapters 3–7), and finish with the conclusions (Chapter 8), and can do so without fear of missing the book's main themes.

\* \* \*

There is one aspect of this book that appears at first glance to be highly partisan in nature—the five cases of political corruption reviewed below all occurred during the Republican administration of President Ronald Reagan. The readily drawn conclusion—that this is a Democrats-inspired, hatchet-job book, written to denigrate President

Reagan and vilify the Republican Party—simply is not true. My selection of cases is strictly an artifact of the study. For relevancy's sake, I wanted recent examples of corruption at the federal level of government. It just so happens that the American voters have sent Republicans to the White House for the last twelve years. We will discuss and again reject this interpretation at greater length in the Conclusion of the book. Until then, I must ask the reader's indulgence that this book has no hidden agenda to tar the Republican Party and its presidents with the pitch of political corruption.

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## ACKNOWLEDGMENTS

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As I confessed in the Preface, this book has had a longer gestation than any diligent author should wish to admit. As a consequence, the book has a lengthy lineage. My colleagues at Columbia University, especially Alfred Stepan (former dean of the School of International and Public Affairs), initially assured me that what I was looking for was right around the next library carrel; that they were mistaken does not diminish their encouragement. More substantively, Professor Susan Rose-Ackerman (then at Columbia's Law School and now at Yale University), who had provided an economist's view of corruption in her *Corruption: A Study in Political Corruption* (1978), kindly shared her more recent thoughts on the subject.

Michael Johnston (Colgate University), whose *Political Corruption and Public Policy in America* (1982) served in many ways as a model, was equally generous with his time and insights. Indeed, an initial inkling of this book's argument was published in a Johnston-edited journal, *Corruption & Reform*, bearing the ungainly title, "Public Policy Effects of Systemic Political Corruption" (1989). Theodore J. Lowi (Cornell University) graciously sent me materials I was having difficulty obtaining. I owe a particular debt of gratitude to Robert K. Merton (The Russell Sage Foundation), less for his seminal thinking regarding corruption than for his personal encouragement; I trust that my reading of his ideas will not embarrass him.

In the summer of 1988, Brian Jenkins, Chair of the RAND Corporation's Political Science Department, hosted a seminar in which I presented an outline of this book's argument. A few years later, I had a

similar opportunity with the School of Public Administration and Policy at the University of Arizona. Both seminars, although truly traumatic at the time, have resulted in a more thoughtful analysis.

My University of Colorado colleagues here in Denver have offered quiet enthusiasm that gently urged me through my periods of frustration. Chancellor John C. Buechner's occasional "how's the book going?" greetings provided more stimulus than I am sure he intended, and meant more to me than I am sure he knows. Professor Linda deLeon asked more questions than I probably wanted to field, but every reader should be appreciative of her insistence. Professor Elizabeth Peters (Department of Economics, University of Colorado at Boulder) patiently translated relevant economic theory to me. Graduate students Stephanie Cunningham and Jeff Romine assisted in tracking down elusive research materials.

Finally, Professor Kenneth J. Meier (University of Wisconsin-Milwaukee) read the entire manuscript and provided welcomed encouragement and criticism. On the other hand, Professor Paul A. Sabatier (University of California at Davis) has not read a word of the manuscript. Nevertheless, he has graciously agreed to be responsible for all errors of fact and interpretation; it is only fair that I acknowledge any remaining errors as my own.

It seems *de rigueur* for every author to thank his editor. Let me not flout convention, especially when it is so richly deserved. Michael Weber of M.E. Sharpe has been incredibly considerate as I dithered well past my promised delivery dates. Maybe he should have been sterner, but I am grateful that he was not. I trust the end product rewards his patience.

\* \* \*

There is, happily, a final convention I need acknowledge. I dedicate this book to my wife Linda, not so much for how she has aided me in my scholarship (although that is far from inconsequential), but for all she has done and continues to do for me in so many other ways. She is my very great and abiding fortune.

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**Part I**

**WHAT IS POLITICAL  
CORRUPTION?**

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## IT IS SOWN IN CORRUPTION

### (1 Corinthians 15:42)

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Corrupt influence, which is itself the perennial spring of all prodigality, and of all disorder; which loads us, more than mills of debt; which takes away vigour from our arms, wisdom from our councils, and every shadow of authority and credit from the most venerable parts of our constitution.

—Edmund Burke,  
“Speeches on the  
Economical Reforms” (1870)

Numerous authors, political observers, and just plain folk have commented on the presence of corruption in American politics, usually with some admixture of Puritan outrage and world-weary cynicism. Alexis de Tocqueville to Walter Lippmann, Sinclair Lewis to Bob Woodward, Ida Tarbell to Mike Royko, Thomas Nast to Herblock—the list would be endless. Certainly one would not have to look too far for culpable individuals throughout American history and politics, but somehow, we would like to think that political manners and mores “back then”—when politics were hurley-burley, the press less attentive (or less intrusive, depending upon your perspective), and public servants not trained in “good government”—were much more susceptible to wrongdoing than is currently the case.<sup>1</sup>

But this is patently not the case. Corruption often seems omnipresent in contemporary American political systems. No level of government appears particularly sacrosanct. In 1987, New York City had a scandal of such a magnitude regarding the purchase of hand-held computers to



write parking tickets that Donald Manes, a former borough president of Queens, committed suicide rather than face charges;<sup>2</sup> subsequently, less than six months later, it was discovered that over \$3 million in pocket change<sup>a</sup> was stolen from parking meters by the meter collection company, almost 10 percent of the revenue from the city's 56,000 parking meters.<sup>3</sup> Rural southern law enforcement officers, FBI agents, and even a member of the Justice Department's Organized Crime Strike Force have succumbed to corruption from the millions of dollars culled from illegal drug money.<sup>4</sup> In 1988, Ex-Governor Evan Mecham of Arizona was impeached; a few years later, state legislators were revealed to have accepted bribes from an ersatz gambler cum undercover police officer and then complained of the subterfuge.<sup>5</sup> As if this were not enough for one state, both Arizona U.S. senators were reprimanded for violating Senate rules to keep Charles Keating's crumbling S&L afloat and the current governor is being sued by the government for his role in Arizona's S&L debacle.<sup>6</sup> James Fesler and Donald Kettl relate how "In an FBI 'sting' operation, 105 out of 106 offers of bribes to suspected municipal officials in the State of New York were accepted; the 106th was rejected as too small."<sup>7</sup>

One might think that these cases are all local government incidents, where politics is more personal and less visible, hence more susceptible to corrupt dealings. Unfortunately, the highly illuminated halls of the federal government are also prone to corruption. An embarrassingly large number of Republican administration appointees under President Ronald Reagan (up to and including Attorney General Edwin Meese) were forced to resign for conflict-of-interest reasons. *Time* magazine counted "more than 100 members of the Reagan Administration [who] had ethical or legal charges leveled against them. That number is without precedent."<sup>8</sup> Amazingly, the *Wall Street Journal*, never thought to be a Democratic apologist, went so far as to report how some scholars link Republican administrations with corruption, a trend "explained by the philosophical bent of those who tend to work for Republican presidents—a bent that often leads them afoul of the guidelines of government work."<sup>9</sup>

Nor should one claim that corruption is strictly a public sector phenomenon. The continuing exposés of Wall Street financial institutions, such as Burnham Drexel Lambert and Solomon Brothers, the irrepress-

<sup>a</sup> Giving, one suspects, new significance to the phrase "deep pockets."

ible greed of many bank executives that precipitated the disastrous Savings and Loan crisis, and the Pentagon procurement indictments regarding the misuse of inside information for ill-gained profits and falsifying test information would disabuse any such naive notion that the private sector has any particular concern for the well-being of the public sector beyond its anticipated profit margin.

This dour litany is not to suggest that corruption runs rampant or even commonplace in either the private or public sectors, or that scoundrels and scalawags rule the various power roosts. We should not leap to the conclusion that corruption is as pervasive as "Miami Vice" or the *Godfather* trilogy would have us believe, or be swayed by *Time* magazine's emotion as it bemoaned the "scandal-scarred spring of 1987" in which close to one hundred major and minor federal government officials were accused of violating the public trust: "Lamentation is in the air, and clay feet litter the ground. A relentless procession of forlorn faces assaults the nation's moral equanimity. . . ." <sup>10</sup> Even major government scandals, such as Watergate, influence peddling at HUD, or the S&L embarrassments, should not shake the knowledge that government personnel are, by and large, dependably responsible, honest, and well-intended.

Still, the presence of corruption cannot be blithely ignored or treated as a minor social malaise. A 1988 Associated Press survey "found deep skepticism of federal government integrity. In the most critical finding, an overwhelming 70 percent said they thought taking illegal payoffs for favors was widespread. Fully half the respondents called government dishonest overall." <sup>11</sup> If these findings are representative, and I have scant reason to think otherwise, this sentiment can lead to many things, none of them salutary. For instance, the perception of a corrupt bureaucracy could convince legislatures to enact a series of increasingly restrictive measures that, as we will see below, would be counterproductive, that is, they would only serve to increase the likelihood of corruption rather than its intended decrease. A scandal "witch hunt" mentality—what Suzanne Garment calls a "Culture of Mistrust in American Politics"—could develop that would greatly exaggerate minor peccadilloes and cause severe anguish to all those involved, including the political system that is putatively being defended. <sup>12</sup> Or citizens will lose faith in their government at the very time when government is being asked to involve itself in an increasing number of activities. Finally, and most ominously, "corruption in high places, or the mere

*appearance* of wrongdoing, cannot only reduce popular trust in leaders and institutions; it may also let citizens off the hook for their own misdeeds. They may ask why they must be better than others are," with the inevitable answer dangerously threatening to rend the social fabric.<sup>13</sup>

I will argue that although corruption might be a little more than a minor malady in the American body politic, it deserves careful analytic as opposed to anecdotal attention, for if left to election box oratory, flaming headlines, and episodic campaigns, its effects could possibly become more than dyspeptic. For instance, the American political ethos is predicated on equal opportunity and access, conditions fundamentally undermined by corrupt practices. To prevent such an ulcerous condition from occurring, we need to understand several specific points regarding public corruption as a recurring condition: For example, what motivates corrupt actions? How are they perceived? Are there different varieties of corruption? What function might they serve? And how can they best be minimized?

The purpose of this book is to address these questions. However, let me immediately register some important reservations. First and foremost, I am dealing exclusively with public sector corruption; private sector corruption, however pervasive (or not) is a separate matter,<sup>14</sup> except in those areas in which the public and private sectors are clearly conjoined, as in regulatory policies or when private sector actors are undercutting government responsibilities. Second, as I have noted above, public sector corruption does have certain ubiquitous qualities, showing little respect for geographical, temporal, or level of government boundaries. The author that dares to tackle this immense body of materials would be hard-pressed to write a coherent book. Or, by great dint of effort and perseverance, if the book could be written, it would be so long and cumbersome a tome as to intimidate, virtually defy all but the hardest reader. I choose here not to write this encyclopedia—or to construct a veritable cathedral—of corruption. I prefer to be read rather than ritually referenced, thus implying a more modest effort, a chapel if you will, that talks less about indexing every corrupt act since Eve whispered the benefits of fruit into Adam's ear and, instead, proposes, more discretely, ways of systematically thinking about corruption as a continuing political phenomenon.<sup>15</sup>

A third caveat needs to be offered. Corruption, like most political activities, is decidedly dependent on societal and cultural norms. What transpires in a Latin American, Middle Eastern, or Asian nation as

legitimate, excusable, or at least accepted business exchanges would be felonies in the United States. Similarly, there are significant differences in what is acceptable within the various regions and states of the United States,<sup>16</sup> and certainly among different cities. Again, to make my (and ultimately the reader's) task more manageable, I am focusing on probably the most visible examples of governmental corruption, those that occur on the federal level. I will, however, refer to a variety of examples cutting across government levels in the United States to articulate and illustrate the general structure of my analysis.

Fourth, some observers have virtually equated the affiliations between political interest groups (or, when dollars are present, "political action committees"—PACs) and legislators as a corrupt (or corrupting) relationship.<sup>17</sup> These interactions can be viewed as a means for wealthy groups to buy votes, and, consequently, ensure themselves of favorable, that is, profitable, government decisions and, concomitantly, for government officials themselves to join the ranks of the wealthy.<sup>18</sup> Without questioning the possibility of this relationship presenting, maybe even fostering, corrupting conditions, this book will not directly deal with the subject, because contributions to political campaigns are a given, a permanent part of the political landscape with which we must operate. Politicians and administrators should work with their constituents; similarly, constituents should be free to express their support of their elected governmental representatives within legally defined limits and procedures. To mandate away these interactions, to separate government officials from their constituents, would be to guarantee a movement toward bureaucratic despotism and still not rid the government of possible corruption. Furthermore, and more to the point, there is presently nothing illegal about accepting political contributions within specified means and amounts. Nor will reforms in election campaign financing be the talisman many would hope. I will argue below that it is not the presence of PACs per se that is the corrupting element; rather, PACs are little more than the medium through which the corruption current flows. As we will see, to eliminate or, more likely, reform one medium would just create other potentially more *sub rosa* channels.<sup>19</sup>

Finally, this is not intended to be a chronicle of all political corruptions that ever occurred in America on the federal level. Conditions, cultures, and professional behaviors extant in the nineteenth and even in the early parts of the twentieth centuries simply are no longer relevant or permissible. However, the history of earlier acts of public cor-

ruption is reflected in laws and expected norms of political conduct—for instance, the reforms fostered by the Progressive movement in the early part of this century. Congress would not (perhaps could not) engage in another Credit Mobilier embroglio, nor the executive branch recreate another Teapot Dome scandal. Even the most vivid contemporary example of corruption on the national level—the “long national nightmare” of Watergate—now seems safely distant, a few decades removed, and beyond recurrence; its subsequent “Ethics in Government” legislation, designed to prevent similar scandals, remains intact (if not necessarily in force), as we shall see.<sup>b</sup> The scenario, then, is current, because if we are to suggest ways to reduce corruption, they must fit into the relevant political context, in other words, today.

For these reasons, *Thinking About Political Corruption* will focus on relatively recent—that is, post-Watergate—examples of major corruption on the federal level. Minor infractions, such as accepting dinners from PACs, while worrisome, will not be included since their impacts on the workings of government are barely discernible. However, these limitations are not unduly constraining for at least two reasons. First, there is no paucity of examples to illustrate my primary themes; indeed, some selection and summary even among these will be necessary or again risk the forbidding tome. Second, I have considerable confidence that if we can understand the workings of this relatively constrained set of examples, that knowledge or insight is readily transferable to other government settings if the appropriate differences (e.g., history or form of government) are taken into account.

### Some Disciplinary Perspectives

If we can momentarily agree that corruption is an issue of genuine concern for the American voter (an issue I will directly address in the

<sup>b</sup> One possibly more lasting effect of Watergate, however, is the tendency within the press to refer to any ensuing scandal as another “-gate,” e.g., “Irangate,” “Koreagate,” “Rubbergate”—the House of Representatives’ bank’s practice of honoring members’ (sometimes egregious) overdrafts, and of course, “nannygate,”—two of President Bill Clinton’s nominees for attorney general were disqualified because of their use of illegal child care. The most personalized example of this sorry convention is “Quaylegate,” attributed to Vice President Dan Quayle over the allegation that an inmate in a federal prison was placed in solitary confinement when he claimed to have sold marijuana to the young Dan Quayle. (See Mark Singer, “Quaylegate,” *New York Times*, October 16, 1992, p. A19.)

next chapter), a very interesting question is why the relevant academic disciplines such as political science, public administration, economics, and public policy research have largely neglected a systematic examination of the subject, let alone proposed effective remedies.

Nobody has disputed Harold Lasswell's definition of politics as the art of who gets what, when, and how.<sup>20</sup> Surely by most any standard, corruption could comfortably snuggle into that definition. So it is somewhat surprising that political science, while developing a sizable literature on political corruption, has hardly made it a central topic of investigation. Writing in the discipline's touchstone publication, the *American Political Science Review*, Tevfik Nas and his co-authors concede, "Despite its frequent occurrence, governmental corruption has undergone surprisingly little systematic investigation."<sup>21</sup> Indeed, political scientists John Peters and Susan Welch inquire with some irony in the subtitle of their article, "If Political Corruption Is in the Mainstream of American Politics, Why Is It Not in the Mainstream of American Politics Research?"<sup>22</sup> After considerable struggle with the very definition of the word corruption (as we shall see in the next chapter), the existing literature falls almost entirely into the categories of political history, political theory, and political reform.

Political history, which provides a rich vein of anecdotes and personal biographies we can mine as our evidential base, offers little in the way of systematic observations or a theory of corruption.<sup>23</sup> Political theory, while much more systematic, addresses the problem of corruption on a philosophical plane that is of little relevance for present purposes. In its desire to be universal, political theory surrenders much in the way of precision that would be necessary to examine the American political scene or develop policies to reduce the incidents of corruption. For instance, in his review of corruption in the western democracies since the Greek city-states, J. Patrick Dobel ultimately concludes:

Finally, it is absolutely necessary that severe limits be placed upon great accumulations of wealth and hereditary privilege. The entire dialectic of injustice and corruption begins with such inequality. A healthy polity must prevent any effective derogation of its power to private governments and destroy any factions which gain enough power to consistently subvert the law.<sup>24</sup>

True, perhaps, but not very useful for a nation whose politics has traditionally been defined by pluralism, that is, the interplay of political interest groups; whose economy has been characterized by aspirations to (and the occasional achievement of) large personal fortunes; and whose citizenry has rejected even the whiff of such a draconian redistribution of wealth and privilege.

Political reform, while intuitively germane to our tasks here, more often than not views corruption as an outlying, degenerate phenomenon, the result of a few greedy miscreants whose apprehension and possible conviction would cure the problem. Some have characterized this as the "moralist" brand of corruption, which, like any morality play, has an easily identified culprit and, with exorcism, a remedy. Unfortunately, as is the case with most ready remedies, things are rarely (if ever) that simple. For instance, do PACs financially corrupt or support political movements? Moreover, and more disheartening, the solution has been demonstrated to be futile. Corruption has repeatedly reoccurred, despite the many reforms initiated and "bad apples" discovered and discarded. Likewise, political reforms of an institutional nature have proven to be ineffective, as we shall discuss below.

Public administration, almost in its founding tenets, has been dedicated to the establishment and maintenance of "good government," seemingly an insistent invitation to study corruption. Excluding the infrequent nominal nod that almost proves the rule, this invitation has largely been rejected. Gerald and Naomi Caiden, writing shortly after the fever of Watergate, observed that, "The increased visibility of administrative corruption has become a persistent and disturbing feature of our times. Almost every issue of the daily press brings, it seems, fresh examples of allegedly corrupt behavior on the part of responsible public and private figures."<sup>25</sup> However, just two years later, Naomi Caiden was moved to comment that "not long ago, corruption was marked *terra incognita* on the map of public administration."<sup>26</sup> The Caidens' observations are equally valid today. James Fesler and Donald Kettl's splendid public administration text has only a few pages devoted to a discussion of corruption, while John Rohr's *Ethics for Bureaucrats* has none.<sup>27</sup> Thus, public administration scholars have been even more remiss in this regard than their political science colleagues, a neglect Simcha Werner suggests is "due primarily to the axiomatic belief of earlier scholars that American public administration was inherently moral."<sup>28</sup>

The public administration literature is quick to point an incriminating finger abroad, to cite illustrations of pervasive political corruption in developing nations. In fact, some authors have suggested that corruption provides invaluable recruitment incentives and workaday perquisites during the tenuous days of a nation's political development.<sup>29</sup> In their view, the availability of personal gain via public corruption recruits skilled personnel into an otherwise unattractive, unrewarding bureaucracy, motivates an otherwise lackadaisical administrative system into the timely actions necessary for economic development, and provides socializing services to otherwise disenfranchised parts of the political system. The last function easily describes how the great corrupt urban American political machines, such as Tammany Hall in New York City and Mayor John "Honey Fitz" Fitzgerald's machine in Boston, assisted in politically assimilating waves of European immigrants into the American polity during the early part of the twentieth century. These arguments give rise to what has been termed the "functional" school of corruption.

Taken at face value, the functional interpretation has a certain plausibility and appeal, claiming that corrupt administration is only a product of hard times and great stress. But, inherent in this interpretation, functionalism also implies that as a nation progresses through something called the political maturation process, it will somehow naturally shed itself of these corrupt practices, somewhat akin to naughty children becoming responsible adults. Again, unfortunately, the historical record has conclusively demonstrated that this is far from the case. Not only is it difficult to decide exactly what political maturity is—let alone when it is reached—but the presence of corruption in all the advanced industrialized nations, whatever their form of government, belies this conclusion.<sup>30</sup> Robert Klitgaard's valuable study of corruption in contemporary Hong Kong, Singapore, and South Korea, modern industrialized Third World nations by most any economic standard, underlines this point.<sup>31</sup> Similarly, corruption in contemporary India is said to be so pervasive that it is "choking" the nation's growth; it is so widespread that "liaison agents" or corruption brokers are emerging to facilitate the transactions!<sup>32</sup> More to the point for our purposes, if the functional interpretation were applicable to the United States, the record of twentieth-century or even post-World War II corruptions would render it false.

When public administration chooses to redress corruption in the



United States, its recommendations are largely based on the morality model and therefore can be seen as naively optimistic and ineffectual: a new regulation or inspector general here, a revised code of conduct there, or an Ethics in Government Act would seemingly return the offending agency to its proper administrative disposition and direction. Many have advocated an ethics component to professional training curricula, trusting that "learning" about values and ethics would inoculate the bureaucrat against the corruption virus and thus eliminate unethical or corrupt behavior.<sup>33</sup> These and similar propositions have not had their desired effect—as the number of scandals mentioned above and discussed in Part II give all too immediate testament—nor is there any particular reason to think *a priori* that they should.

It is a persuasive commentary on the chariness of political scientists and public administrators toward the systematic study of corruption that the single book which most rigorously analyzes political corruption is written by an economist, Susan Rose-Ackerman. Rose-Ackerman sets the rationale for her work with admirable directness: "Whatever else is problematic, societies obviously do not use a single, consistent method to make allocative decisions." Corruption is only one albeit unsanctioned method among many. Based upon the presence of market forces (i.e., economic competition) and, in the economist's jargon, the desire "for corrupt officials to capture all the [economic] surplus generated by the program," Rose-Ackerman scrutinizes the susceptibility of a number of political arrangements composed of different types and combinations of legislatures, interest groups, and bureaucracies.<sup>34</sup> She also examines the conventional solutions for each set of situations, generally demonstrating their fallibility on economic grounds. And, admittedly, there is a certain elegance and detachment to discussing an "optimal amount of corruption" in terms of "marginal social cost."<sup>35</sup>

Other economists have examined corruption using the concepts of "moral hazard" and "principal agents." The first refers to the risk an insurance company takes; its policyholders have little or no incentive to minimize—indeed, they often exaggerate—their reported losses to the insurance company.<sup>36</sup> Principal agents analysis examines the relationship between supervisor and worker (i.e., agent) and how the former can provide sufficient incentives or create inducements (both usually couched in monetary terms) so that the latter will carry out the former's orders with some known degree of fidelity.<sup>37</sup> Both moral hazard and

principal agents research concentrate on how management can assure that its mandates are faithfully executed, and thereby could be applied to the obverse, that is, corruption. Economists have brought a wealth of game-theoretic insights to these studies, but because these models are admittedly incapable of capturing the complex political and organizational features of human interactions,<sup>38</sup> Rose-Ackerman's book is almost a singular example of economics treating political corruption.

It is at first blush surprising that economics—a discipline whose hallmark is the allocation of scarce resources without the burden of societal norms—would have devoted so little inspection to this very obvious form of resource reallocation. After all, noted Naomi Caiden, "Corruption is a variant of economic choice, and like any other economic choice is determined by its price in the market." The reason, however, is forceful, largely due to the economist's characteristic unit of analysis, the famous economic, profit-maximizing individuals—that is, "rational beings, capable of assessing their interests according to costs and benefits" defined in purely monetary terms.<sup>39</sup> In the examination of governmental corruption, there are numerous examples of alternative, noneconomic (i.e., political, institutional, and social) forces that have led to or resulted in public sector corruption. These discrepancies in the economic perspective of corruption indicate that there are corruption motives beyond the economic, thereby limiting the applicability and explanatory power of the discipline.

Thus, a strictly economic view of corruption would prove incomplete, hence inadequate because of its focus on corruption "within a model of rational individual choice, with little concentration on the overall impact on society."<sup>40</sup> Again, in the economist's jargon, the "utility" of an economic analysis of corruption cannot be overlooked, but it is only effective "at the margin." Rose-Ackerman ends her book with the open confession that personal and political values undermine the analytic insights into corruption that her discipline has provided, most seriously in terms of what to do to minimize it:

An effort to use economists' methods to synthesize political scientists' concerns ultimately forces us to recognize the limitations of the economists' approach itself. While information and competition may often reduce corrupt incentives, they cannot completely substitute for the personal integrity of political actors.<sup>41</sup>