

Grand Political Corruption in Democracies

Features, Programming Options and Assessment Tools

Final Version

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INTRODUCTION

What is grand political corruption?

Grand political corruption in established democracies is the manipulation of the democratic process itself by powerful players internal or external to the political system in order to capture the state apparatus for their own benefit.

All forms of grand political corruption have the effect of undermining the democratic ideal according to which informed citizens through free and fair elections entrust politicians with the power to manage public resources for the common good.

Grand political corruption is thus distinct from small-scale corruption cases involving politicians, and from conventional bureaucratic corruption. While the latter forms of corruption receive more day-to-day attention from the public and the media, the damage caused by grand political corruption is typically far greater.

Not all forms of grand political corruption are illegal, and many are situated in ethical grey zones. Legal and ethical lines dividing what is 'corrupt' and what is 'legitimate' often vary from one country to the next, are continually contested within countries, and tend to change over time. Distinguishing between 'good' (legitimate) and 'bad' (corrupt) practices using objective universal standards that transcend time, culture and context is arguably not possible.¹ Due to the importance of legal, institutional, cultural and ethical contexts, pertinent standards need to be developed at the national level, as global standards are likely fail to resonate with citizens' concerns in different national polities.

The concept of grand political corruption outlined here may have analytical value, and certainly has sound bite value in terms of fundraising pitches, but for the purposes of future project/programme design, TI should simply define the term in order to fit the proposed project/programme scope and activities (rather than vice versa).

Among the types of grand political corruption discussed here, lobbying stands out as a practice that is linked to many of the other types. Therefore, lobbying projects may provide a good entry point for exploring, understanding and eventually tackling a wider range of grand political corruption practices. TI's current Lifting the Lid on Lobbying project may provide an excellent organizational learning experience in this regard.

¹ For example, see this argument in favour of keeping "dark money" in the shadows in the US:
<http://www.transparify.org/blog/2014/3/28/misconceptions-about-dark-money>

Structure of this paper

This paper consists of three main parts:

- I. A typology of grand political corruption**
- II. Programming options for the TI movement**
- III. Assessment tools**

There are also two annexes:

- Annex I discusses three broad strategies for tackling grand political corruption
- Annex II lists definitions of political corruption encountered in the literature

I. TYPES OF GRAND POLITICAL CORRUPTION

TYPOLOGY

The initial scoping for this assignment identified seven types of grand political corruption that are frequently encountered in established democracies:

1. Distorting political discourse
2. Political finance
3. Lobbying
4. Revolving doors
5. Politicized appointments to public positions
6. Politicization of the civil service
7. Cross-border state capture

Each of the seven corruption types is discussed in detail below, following the same structure:

- Background
- Standards²
- Case Vignettes

² Tinatin Ninua is concurrently working on a political corruption assignment for TI. Her work includes a strong focus on identifying existing standards (and past TI activities in each field). Therefore, the standards sections here are limited to discussing to what extent global standards and best practices might be useful for future TI programming efforts.

1. DISTORTING POLITICAL DISCOURSE

Background

Overview. Companies, industry associations, trade unions, other national interest groups and foreign governments actively seek to shape and distort public discourse. The aim of these activities is usually less to directly influence a specific political decision than to create a tilted intellectual playing field that frames and biases public and media debates on a broader subject. In order to shape and distort public discourse, the protagonists sponsor ‘research’ that produces findings supportive of their views, create or support organizations that misleadingly claim to represent broad stakeholder groups endorsing such views, and promote favourable media coverage, including through blogs and op-eds³ whose true authors often remained concealed.

Legality and ethics. Shaping public discourse is an integral part of broader lobbying activities, is completely legal, and is widely considered ethical as long as it is done transparently and uses evidence-based argumentation. Purposefully distorting public discourse by sponsoring biased ‘research’, astroturfing fake ‘grassroots’ organizations lacking broader constituencies, and manipulating the media in opaque ways is also legal, but is widely viewed as unethical. The lines between legitimate discourse-shaping and illegitimate discourse-distorting are often – but not always – blurred.

Political corruption potential. The potential of distorting political discourse is huge but hard to pin down, let alone quantify.

Standards

An effective standard for NGOs and think tanks in the context of distorting political discourse would at a minimum enable the public and the media to easily find out online where each organization receives its money from.

There is currently a lack of widely accepted and effectively enforced standards in this field.⁴ NGOs are only loosely regulated in many democracies, and legal requirements for transparency towards the public as well as state oversight tend to be very weak.⁵ While many NGOs purport to embrace transparency, in reality the sector as a whole tends to be characterized by a culture of opacity towards the public, in particular regarding financial data.⁶ Broadly speaking, there appears to be little NGO commitment to, or donor pressure for, greater financial transparency.⁷ A plethora of NGO standards (some global, some national) exist on paper, but the specific content of these standards, their implementation by NGOs and – crucially – external monitoring and enforcement tend to be very weak.⁸

³ For examples, see here:

<http://web.archive.org/web/20040912080607/http://oir.org/oir/workplace/1093396596.php>
<http://www.gainesville.com/article/20131110/columnists/131109600?tc=ar>

⁴ <http://www.transparify.org/blog/2014/4/8/think-tanks-and-the-right-to-information>

⁵ The consultant’s PhD thesis examined this topic with reference to international NGOs, see the concluding chapter:
<http://www.scribd.com/doc/65675944/Accountability-in-International-Aid-The-Case-of-Georgia-by-Till-Bruckner-2011>

The thesis bibliography provides an overview of the literature.

⁶ Please note that some TI National Chapters are currently not fully transparent about their funding sources and finances.

⁷ For an example involving NGOs from the international development sector, see:

<http://aidwatchers.com/2010/10/transparencygate-the-end-of-the-road/>

⁸ An example of an NGO standard supported by TI is the “Transparente Zivilgesellschaft” initiative by TI Germany, which invites NGOs to voluntarily comply with basic transparency requirements:
<http://www.transparency.de/Initiative-Transparente-Zivilg.1612.0.html>

A multitude of other national and international NGO standards exist, but none is universally accepted. International standards of note include those by SPERE, the Red Cross, InterAction and the Humanitarian Accountability Project. In the

Corresponding standards specifically for think tanks do not exist yet. As think tanks are usually registered as NGOs, and dividing lines between the two are blurred in practice, it is impossible to craft legislation and regulations that apply specifically to think tanks. A new project, Transparify, aims to establish financial disclosure standards specifically for think tanks and monitor think tanks' performance in this regard.⁹ It recently compiled hundreds of media articles into four bibliographies discussing issues related to think tanks and political corruption.¹⁰ A 2014 Washington Post article details how think tanks have now become central to some companies' wider lobbying strategies.¹¹ Transparify is open to cooperation with TI. However, the project's narrow focus on funding transparency fails to capture other important drivers of political discourse distortion by think tanks, such as the practice (apparently common in the US) of individual think tank staffers working in parallel as commercial lobbyists.¹²

The success of efforts to distort public discourse often hinges on the media's failure to conduct due diligence about its sources, and/or communicate potential conflicts of interest. In a recent example, 97% of journalists failed to notice that a "think tank" commentator was effectively acting as a paid lobbyist.¹³ A recent petition for the BBC to always disclose the financial interests of think tank interviewees provides an interesting model for tackling the media side of this phenomenon, at least for public broadcasters.¹⁴ A recent book and associated blog alleges that the extent of media manipulation by lobbyists and other self-interested players is far larger than commonly assumed.¹⁵

Note: Publishing op-eds and providing 'expert commentary' without full disclosure of conflicts of interest seems to be regarded as an acceptable practice by many – if not most – public relations and lobbying professionals, indicating a lack of salient and effective standards in this regard. This issue could be addressed through lobbyists' trade associations and codes of conduct within the scope of a broader lobbying project.

Case Vignettes¹⁶

Global. Players with large vested interests in hydrocarbons allegedly funded 100 anti-climate groups working to discredit climate change science with more than USD 120 million between 2002 and 2010. Donors' identities were sometimes obscured by intermediary foundations.¹⁷ Apparently, these efforts

consultant's extensive personal experience, these standards are widely ignored by agencies in the field. InterAction and HAP complaints mechanisms look good on paper but during a 2009-2010 experiment failed in practice. See also:

http://american.com/archive/2010/april/Bruckner-Food_Aid_to_Georgia.pdf

⁹ See the Transparify website: <http://www.transparify.org/faqs/>

See also its blog: <http://www.transparify.org/>

Transparify will publish financial transparency ratings for over 160 think tanks in late April 2014.

(Disclosure: The author of this paper is currently an employee of Transparify.)

¹⁰ <http://www.transparify.org/publications-main/>

¹¹ http://www.washingtonpost.com/politics/how-google-is-transforming-power-and-politics-google-once-disdainful-of-lobbying-now-a-master-of-washington-influence/2014/04/12/51648b92-b4d3-11e3-8cb6-284052554d74_story.html?tid=pm_pop

¹² <http://www.newrepublic.com/article/113158/report-dozens-lobbyists-work-think-tank-scholars>

¹³ <http://www.transparify.org/blog/2014/3/12/how-a-fake-think-tank-deceived-97-of-journalists>

¹⁴ <http://www.change.org/en-GB/petitions/the-bbc-always-disclose-the-financial-interests-of-the-people-you-interview-in-the-issues-they-are-discussing>

¹⁵ <http://www.flatearthnews.net/>

¹⁶ A recent book on lobbying in the UK provides numerous additional examples of such distortions. See this related article:

<http://www.theguardian.com/politics/2014/mar/12/lobbying-10-ways-corporations-influence-government>

¹⁷ <http://www.theguardian.com/environment/2013/feb/14/funding-climate-change-denial-thinktanks-network>

See also:

<http://www.theguardian.com/environment/2006/sep/20/oilandpetrol.business>

<http://www.nytimes.com/1998/04/26/us/industrial-group-plans-to-battle-climate-treaty.html?scp=2&sq=climate%20science%20and%20to%20train%20them%20&st=cse&pagewanted=print>

were successful: during the period 2006-2010, as scientific evidence of man-made warming continued to mount, the number of climate sceptics in the US actually increased; even today, only 44% of Americans think there is “solid evidence” that global warming is happening and that it is mainly caused by human activity.¹⁸ By undermining public support for climate legislation and regulation, the opaque promotion of climate scepticism by powerful business interests has contributed to the weakness of the US in tackling climate change issues both at home and on the global stage. It is important to highlight that such distortions of environmental, energy and climate debates are not the exclusive preserve of the political right.¹⁹ Note that such activities, while unethical, are completely legal.

US. In the 1990s, tobacco company Philip Morris hired the lobbying company ACPO to prevent anti-smoking laws and regulations from gaining traction in the wake of an official study documenting the dangers of passive smoking. ACPO astroturfed the “The Advancement of Sound Science Coalition”, which purported to be a grassroots organization opposed to governmental overregulation but was in fact run by an ACPO employee.²⁰

There is a wealth of links on this broader subject here:

http://en.wikipedia.org/wiki/Climate_change_denial

¹⁸ <http://www.pewresearch.org/key-data-points/climate-change-key-data-points-from-pew-research/>

¹⁹ <http://www.thenation.com/print/article/174437/secret-donors-behind-center-american-progress-and-other-think-tanks>

²⁰ <http://www.theguardian.com/environment/2006/sep/19/ethicalliving.g2>

2. POLITICAL FINANCE

Background

Overview. Grand political corruption related to political financing comes in two main forms: capture by large individual donors, and sectoral capture by multiple donors in the same economic sector who share common interests.

- Contributions by a single donor that are large enough to obtain the donor undue influence over a political candidate or political party naturally give rise to concerns that the patron will later wield strong influence on decision-making by the client, undermining key principles of democratic rule.
- Sectoral capture refers to disproportionate influence wielded by some sectors over agenda-setting and policy-making due to these sectors' prominent share in total contributions to particular politicians or political parties, or even to political players across the spectrum.

In some countries, donors may indirectly support a party or candidate by funding non-party campaigning at elections.

Legality and ethics. The International IDEA political finance database²¹ provides an excellent global overview of political finance laws. While some established democracies cap the maximum amount that a single person or corporation may make to a candidate, party or campaign – and some ban corporate donations altogether²² – others do not. Even where formal caps exist, they can sometimes displace the undue influence elsewhere, for example to 'bundlers'²³ of individual donations, or be made redundant by legal loopholes²⁴, for example in the case of 'Super PACs' in the US. Common illegal practices include splitting donations into smaller tranches supposedly originating from multiple sources, paying multiple individuals to contribute on behalf of larger donors, or giving large sums off the books.

While a link between political funding and policy formulation and implementation is virtually impossible to prove – especially as causation may flow in either direction – it is widely acknowledged in some countries that certain private sector players and/or coalitions of such players wield disproportionate influence over the policy agenda and decision-making through their massive contributions to candidates, campaigns and political parties. There is a common perception that large contributions by a single donor are usually²⁵ linked to the expectation of that donor that something will be received in return for the money – favourable legislation, lenient regulation, or public contracts, raising ethical concerns.²⁶ This perception is strongly supported by the observations made in a book written by a former US lobbyist.²⁷

²¹ <http://www.idea.int/publications/political-finance-regulations/loader.cfm?csModule=security/getfile&pageid=52121>

²² For example, Canada has simply banned all corporate donations.

²³ These are people who solicit donations on behalf of a candidate or party. As a reward for their efforts, they may gain access or influence over the decision-making process.

²⁴ Note that political finance legislation must strike a balance between effectiveness on the one hand, and on the other hand not disadvantaging new or small parties by erecting insurmountable entry barriers and/or overburdening them with compliance requirements.

²⁵ But not always, see: <http://www.sueddeutsche.de/politik/parteispender-millionen-euro-fuer-den-echten-sozialismus-1.784731>

²⁶ For example, see: Committee on Standards in Public Life, Political party funding: Ending the big donor culture (November 2011), page 22:

http://www.public-standards.gov.uk/wp-content/uploads/2012/11/13th_Report_Political_party_finance_FINAL_PDF_VERSION_18_11_11.pdf

²⁷ http://www.washingtonpost.com/entertainment/books/in-jack-abramoffs-memoir-capitol-punishment-an-unrepentant-reformer/2011/11/30/gIQAxZIpiO_story.html

Political corruption potential. There is a common perception that large contributions stem from the expectation of donors that they will receive something in return for their money. During election campaigns, donor funds can skew the level playing field on which the fairness of democratic competitions for votes implicitly depends, boosting the chances of those funded of gaining power. Between elections, politicians occupying public office may further donors' (individual or sectoral) interests at the expense of the broader public interest to repay election-time 'debts', and/or to increase their chances of receiving substantial funding in future.

Non-party campaigning at elections has recently emerged as an issue of concern in the US. Non-party campaigns are individuals or organisations that do not stand candidates for election, but seek to influence voters' behaviour at the ballot box in order to obtain a certain policy outcome by helping the electoral prospects of candidates supportive of their cause. They can be coalitions of concerned citizens or corporate lobbying groups that engage in electoral campaigning to achieve their desired aim. Most systems have some controls on their sources of funding and/or limits on their campaign spending. However, in the US, the rules on non-party campaigning have been eroded so non-party actors such as 'Super PACs' can spend unlimited sums on electoral campaigning or hide the sources of their campaign contributions. Note that recent attempts to curb the flow of so-called "dark money" into the system in the US have been ruled unconstitutional,²⁸ are far from uncontroversial,²⁹ and may have significant negative side effects on legitimate political activity.³⁰

Note: It seems likely that legal systems in other countries too present similar loopholes, even if these are not being exploited (yet). Timely legal analyses by National Chapters, informed by the US experience, may help to close national loopholes in non-profit laws preventatively.

Standards

Numerous standards exist with regard to political finance. Notably, TI has already defined some standards, and TI's own CRINIS tool is implicitly built on a global 'best practices' approach, as are the Europe-wide criteria set out by GRECO's³¹ third evaluation round and those used by the International IDEA political finance database.³² Please see Tinatin Ninua's scoping paper for more details.

Where political finance is concerned, political cultures vary very strongly between countries, limiting the utility of global approaches. There is arguably a trade-off between individual freedom and safeguards against corruption. Each country's political culture will determine how potential trade-offs along this continuum are perceived and negotiated. For example, many political corruption risks posed by political finance could be reduced by providing strong state financial support for political parties, which diminishes the need for political actors to court donations by corporations and wealthy individuals, and reduces the role of such donations within overall financial portfolios. This approach enjoys broad support in Germany and in Canada; the latter country recently imposed an outright ban on all corporate political donations in the wake of a highly publicized series of scandals. Critics may retort that this approach could foster a detached political class subsisting on generous public funds, force citizens who identify with no established political group to pay additional taxes to bankroll partisan political players, and limit the ability of individuals and corporations to exercise their right to engage politically. For example, proposals to fund political parties from public resources would probably meet strong resistance from US citizens, and Super PACs only emerged in the wake of two US Supreme Court rulings³³ that struck down previous limitations with reference to the constitutional

²⁸ http://en.wikipedia.org/wiki/Citizens_United_v._Federal_Election_Commission

²⁹ <http://www.transparify.org/blog/2014/3/28/misconceptions-about-dark-money>

³⁰ <http://www.ethics.harvard.edu/lab/blog/418-irs-rules-could-gut-think-tanks>

³¹ http://www.coe.int/t/dghl/monitoring/greco/default_en.asp

³² <http://www.idea.int/publications/political-finance-regulations/loader.cfm?csModule=security/getfile&pageid=52121>

³³ For an overview, see:

right to free speech. The consultant is not aware of any democracy in which all donations from non-state actors to political parties are completely banned (minimum risk), or of any democracy that does not regulate political finance at all (maximum risk).

Case Vignettes

- **Capture by individual donors:**

Canada. In 2011, construction companies in Quebec were alleged to have provided financial support to political parties at the regional and local levels in return for public works contracts, sparking media interest and a public enquiry. Subsequent research showed that the companies involved had also donated significant amounts to national parties, and over the years had won contracts worth hundreds of millions of dollars. Corporate donations have since been banned in Canada; the official enquiry is still in process.³⁴

UK. The governing Labour party in 1997 moved to exempt Formula One car races from a proposed blanket ban on all sports-related advertising by tobacco companies. After journalists began to investigate whether Labour had received donations from Formula One chiefs, the party eventually admitted to taking a one million pound donation (a very large donation by UK standards) from the Formula One boss prior to the election; this donation was entirely legal. Labour later returned the money, and party finance laws were introduced for the first time ever³⁵ to mandate full public disclosure of donations of GBP 5,000 or more to political parties.

France. There have been numerous reports over the years alleging that African leaders directly but secretly funded campaigns by senior French politicians, including those of presidential candidates. None of these allegations have ever been proven, let alone resulted in a conviction.³⁶

- **Capture by economic sectors:**

UK. A 2011 study revealed that over 50% of donations to the Conservative party originated with individuals and businesses working within the financial sector, raising concerns about the sector's possible disproportionate influence on the government's ongoing banking regulation reforms. Meanwhile, during the second quarter of 2013, fully 77% of the opposition Labour party's funds originated with trade unions, whose membership base accounts for less than 10% of the total British population.³⁷

http://en.wikipedia.org/wiki/Citizens_United_v._Federal_Election_Commission

http://en.wikipedia.org/wiki/Campaign_finance_evolution_in_2010#SpeechNOW.org_v_FEC

³⁴ <http://www.cbc.ca/news/canada/montreal/quebec-construction-insiders-allege-kickbacks-1.1249496>

<http://www.cbc.ca/news/canada/montreal/charest-announces-corruption-inquiry-1.988790>

http://www.huffingtonpost.ca/2013/09/05/quebec-corruption-federal-donations_n_3871422.html

<http://news.yahoo.com/quebec-corruption-probe-wraps-public-hearings-until-january-215815772.html>

³⁵ There were no controls or rules on political donations whatsoever in the UK before 2000.

http://news.bbc.co.uk/1/hi/uk_politics/937232.stm

http://www.electoralcommission.org.uk/_data/assets/pdf_file/0008/157499/PEF-Regulatory-Review-2013.pdf

³⁶ <http://www.bbc.co.uk/news/world-europe-22220272>

<http://www.theafricareport.com/News-Analysis/french-politicians-probed-over-african-campaign-funds.html>

<http://www.telegraph.co.uk/news/worldnews/europe/france/5498392/Late-Gabon-President-Omar-Bongo-funded-Jacques-Chirac-presidential-campaign.html>

³⁷ <http://www.theguardian.com/politics/2011/sep/30/city-conservatives-donations>

http://en.wikipedia.org/wiki/Trade_union#United_Kingdom

<http://www.newstatesman.com/politics/2013/08/donation-figures-show-labour-remains-overdependent-union-funding>

Germany. In 2013, car manufacturers donated more money to political parties than all private donors taken together. In total, BMW and Daimler AG donated over half a million Euros during the year. (Note that the sums involved are comparatively small, partly because large-scale state funding for political parties in Germany reduces their need to solicit donations.) Reflecting Germany's corporatist political arrangement, these donations were spread across both main parties.³⁸

US – federal. Energy companies have given nearly USD 110 million to the campaigns of members of four Congressional panels assigned to oversee the industry. Meanwhile, federal aerospace contractors concentrate their political donations on members of the House and Senate Appropriations subcommittees that allocate federal defence money. Prime targets of aerospace money also include members of the Armed Services committees, who influence military policy and have the power to create demand for this industry's commodities.³⁹ More broadly, some researchers have voiced concerns about the alleged capture of key aspects of American foreign and defence policy formulation by the "military-industrial complex".⁴⁰

US – states. The health insurance industry has been a major source of campaign funds for state elections in California over the years. Every member of four committees charged with considering legislation that impacts the health insurance industry received contributions from health insurance interests. 45% of total health insurance donations were given to legislators who served on those four legislative committees.⁴¹ Similarly, between 2004 and 2008, sitting members of the Texas Railroad Commission (which issues permits for oil and gas drilling and regulates the industry) received 31% of their total campaign contributions from entities in the oil and gas industry.⁴²

- **Spending by third parties:**

US – federal. A number of landmark decisions by the US Supreme Court have reduced the transparency of donations to non-party campaigns, lifted the cap on non-party election campaign spending and effectively made the donation caps and controls redundant.⁴³ This has led to the rise of Super-PACs, organisations that can spend unlimited amounts on 'independent' election campaigning and receive unlimited sums of money from individuals, unions and companies. These Super-PACs spent over USD 600 million on election campaigning in the 2012 election cycle. There are growing concerns that due to the high amounts being spent, they are significantly distorting the electoral process.

³⁸ <http://www.welt.de/politik/deutschland/article119840187/Parteien-erhalten-Millionen-weniger-an-Grossspenden.html>
http://de.wikipedia.org/wiki/Parteispende#.C3.96sterreich_2

³⁹ <http://www.opensecrets.org/industries/background.php?cycle=2014&ind=D01>
<http://www.opensecrets.org/industries/indus.php?ind=D01>
<http://www.commoncause.org/site/pp.asp?c=dkLNK1MQlwG&b=6132717>

⁴⁰ For example, see the relevant chapter in David Keen's recent book, "Useful Enemies: When Waging Wars Is More Important Than Winning Them".

⁴¹ <http://www.followthemoney.org/press/ReportView.phtml?r=488>

⁴² <http://www.followthemoney.org/press/ReportView.phtml?r=434&ext=3>
<http://www.followthemoney.org/press/ReportView.phtml?r=430&ext=5>

⁴³ See SpeechNOW v FEC and Citizens United v FEC:
http://en.wikipedia.org/wiki/Campaign_finance_evolution_in_2010#SpeechNOW.org_v_FEC
http://en.wikipedia.org/wiki/Campaign_finance_evolution_in_2010#Citizens_United_v_FEC

3. LOBBYING

Background

Overview. Lobbying performs an essential role within the democratic system, and most forms of lobbying are legal and seen as legitimate. Stakeholder groups have the right to seek to influence decisions that may affect them, and decision-makers often benefit from the know-how and perspectives that these stakeholders bring to the table. Those involved in lobbying typically concentrate their efforts on legislators, but also seek to influence the executive branch, judicial branch (through *amicus curiae* briefs), regulatory agencies and political parties. Lobbying is undertaken by a wide range of actors, including (but not limited to) both external and in-house lobbyists.

Legality and ethics. Laws and regulations governing lobbying activities vary greatly between different democracies. Some legal frameworks require ministers to declare who they have met during the course of their official duties, others do not; some cover lobbying by non-profit organizations, others do not. Overall, lobbying is an ill-defined concept, not least because lobbying involves a wide range of actors and activities. In some countries, lobbying restrictions do not extend to cover in-house lobbyists (as opposed to those working as consultants for hire). The ethical lines surrounding lobbying tend to be blurred and contested.

Political corruption risk. Even when their activities remain within the bounds of the law, interest groups with deep pockets can gain disproportionate influence on policy-making and policy implementation. In 2012 alone, lobbyists spent over three billion dollars in the US.⁴⁴ In some countries and/or industries, the practice of former decision-makers becoming lobbyists through 'revolving doors' (see also further below) is common.⁴⁵

Note: While many anti-lobbying campaigners tend to narrowly focus on corporate lobbying, other powerful players such as trade unions and NGOs also engage in lobbying to defend their interests. An even-handed approach to lobbying by all actors could help NCs to ensure that efforts to tackle lobbying attract support from across the whole political spectrum.

The recent heated debates about the proposed UK lobbying law illustrate the difficulties of effectively regulating this activity while preserving its positive features; some feared that civil society might get muzzled.⁴⁶ The Bright Lines Project in the US tried to overcome this issue by bringing together multiple stakeholders and pooling their expertise; such approaches could add value elsewhere too.⁴⁷

The recent emergence of "unlobbyists"⁴⁸ or "shadow lobbyists" in the US illustrates that regulating lobbying is somewhat like closing tax loopholes. Lobbyists adapt to every new attempt at regulation by finding new channels that bypass existing hurdles.⁴⁹ Therefore, effective regulation cannot possibly be either cookie-cutter or static; instead, it must constantly be adjusted to ongoing developments on the ground within specific national legal contexts, which makes the concept of fixed international 'standards' inherently problematic.

⁴⁴ <http://www.opensecrets.org/lobby/>

⁴⁵ Nearly half of the members of Congress who left office between 1998 and 2004 became lobbyists, according to a study by watchdog group Public Citizen.

<http://www.washingtonpost.com/wp-dyn/content/article/2007/05/22/AR2007052201595.html?tid=informbox>

⁴⁶ <http://www.bbc.com/news/uk-politics-25934660>

⁴⁷ <http://www.brightlinesproject.org/about-us/>

⁴⁸ <http://tpr.org/post/source-tracking-unlobbyists>

⁴⁹ <http://www.nytimes.com/2014/01/01/opinion/edsall-the-unlobbyists.html>

Note: Studying historic and current developments in the US, where attempts at regulating lobbying (and the monitoring of lobbyists' activities by NGOs and the media) have a longer history may help TI National Chapters elsewhere to learn from past successes and failures, and especially to predict how lobbyists in their home countries may in future try to game or bypass whatever laws and regulations are presently being developed.

Standards

Existing multilateral standards related to lobbying are few in number, and have not been extensively tested in practice yet. These include the very recent draft International Lobbying Disclosure Guidelines by the Sunlight Foundation⁵⁰ and a similar document by Access Info Europe.⁵¹ TI itself has developed two policy papers on the subject.⁵² Others have developed a basic lobbyist registration template.⁵³ Due to national differences in political and legal systems, the OECD explicitly recommends that "countries should not directly replicate rules and guidelines from one jurisdiction to another".⁵⁴ Please refer to Tinatin Ninua's scoping paper for more details.

The book by former US lobbyist Jack Abramoff (who was convicted in a major corruption scandal) includes some concrete recommendations for reform in the last chapter,⁵⁵ and a 2014 book focusing on lobbying in the UK describes the British lobbying scene in detail, conceding that the distorting effect of lobbying in the UK is far smaller than in the US as British politicians have less need to perpetually raise campaign funds.⁵⁶

⁵⁰ <http://sunlightfoundation.com/policy/lobbying/guidelines/>

⁵¹ http://www.access-info.org/documents/Access_Docs/Advancing/Lobbying_Transparency_Via_RTI_Laws_EN.pdf

⁵² Both papers are available online:

http://www.transparency.org/whatwedo/pub/policy_position_06_2009_controlling_corporate_lobbying_and_financing_of_pol

http://www.transparency.org/whatwedo/pub/2012/regional_policy_paper_3_lobbying_in_the_european_union_levelling_the_p

⁵³ http://www.powerbase.info/images/d/dc/Register_Content.pdf

⁵⁴ <http://acts.oecd.org/Instruments/ShowInstrumentView.aspx?InstrumentID=256&InstrumentPID=250&Lang=en&Book=False>

See also:

[http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=GOV/PGC/ETH\(2009\)2&docLanguage=En](http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=GOV/PGC/ETH(2009)2&docLanguage=En)

⁵⁵ The book describes US lobbying practices in detail from an insider perspective, and should be recommended as essential reading for all National Chapters wishing to engage with this issue:

http://www.washingtonpost.com/entertainment/books/in-jack-abramoffs-memoir-capitol-punishment-an-unrepentant-reformer/2011/11/30/gIQAxZIpiO_story.html

⁵⁶ <http://www.independent.co.uk/arts-entertainment/books/reviews/book-review-a-quiet-word-by-tamasin-cave-and-andy-rowell-9208042.html>

Case Vignettes

EU. In 2010-2011, undercover journalists from The Sunday Times posing as lobbyists approached 60 MEPs, offering them substantial amounts of money to submit legislative changes to EU banking regulations. Of the MEPs approached, 14 expressed an interest in the deal, and four actually followed through. One of them, former Austrian interior minister Ernst Strasser, was sentenced to four years in prison in 2013.⁵⁷

US rule making. Since the adoption of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010, lobbyists working for the financial industry, supported by high powered teams of lawyers, have been working to weaken the law's intended impact by influencing the subsequent rule making processes. While these lobbying activities are perfectly legal (and have drawn little media attention), the end result is to undermine the effective implementation of legislation arrived at through democratic decision-making processes in order to benefit private interests.⁵⁸

US military procurement. In 2013, aerospace giant Northrop Grumman faced the loss of contracts because the Pentagon had decided to mothball the Global Hawk fleet of drones. The company successfully lobbied Congress to completely reverse the decision: the already existing fleet will be maintained after all, and Northrop Grumman gained an additional contract to build even more of the unmanned vehicles. Over a dozen lobbyists, including many former congressional staff, helped block the Air Force proposal despite countervailing White House pressure. The cost to US taxpayers is estimated at several billion dollars. An Air Force officer was quoted as saying, "Why are they making us spend money on something we don't want or need?"⁵⁹

⁵⁷ <http://www.globalpost.com/dispatch/news/regions/europe/110407/european-parliament-lobbying-scandal>
<http://uk.reuters.com/article/2013/01/14/uk-europe-corruption-strasser-idUKBRE90D0TR20130114>

⁵⁸ http://washingtonmonthly.com/magazine/march_april_2013/features/he_who_makes_the_rules043315.php?page=1

⁵⁹ <http://www.opensecrets.org/news/2013/11/northrop-grummans-lobbying-campaign.html>
<http://www.publicintegrity.org/2013/07/16/12969/huge-drone-could-not-be-grounded>
<http://www.allgov.com/news/where-is-the-money-going/congress-overrules-pentagon-to-fund-northrop-grumman-drones-131111?news=851636>
<http://www.bloomberg.com/news/2013-09-24/northrop-boasts-spending-as-congress-stands-by-its-drone.html>
<http://dronecenter.bard.edu/rise-drone-lobby/>

4. REVOLVING DOORS

Background

Overview. A ‘revolving door’ in the context of political corruption is when elected office-holders after their term in office obtain paid work from a company or industry group whose operations they were able to affect while they were in a position of power. It is widely understood that such former politicians are not hired primarily for their technical expertise, but for their continued access to government officials via personal connections and insider knowledge of the workings of the political system and/or regulatory agencies. In a widespread variant, the ‘revolving door’ involves politicians becoming lobbyists, in which case their services are subcontracted through their lobbying companies.

Legality and ethics. Laws and regulations governing revolving doors vary greatly between different democracies. Many countries have laws that bar civil servants from working for companies they dealt with as officials for several years; however, the same restrictions rarely apply to politicians. The ethical lines surrounding revolving doors tend to be blurred and contested. When a Gazprom subsidiary hired former German PM Gerhard Schroeder, his behaviour was widely seen as highly unethical even though it was completely legal.⁶⁰ On the other hand, nearly half of the members of US Congress who left office between 1998 and 2004 became lobbyists, indicating high acceptability among the US political class.⁶¹

Political corruption potential. Former politicians who have walked through the ‘revolving door’ are expected to use the connections and insights they gained during their public service to further the private interests of their new paymasters; whether this constitutes political corruption *per se* is debatable. However, there is a very clear political corruption risk in that politicians may act to further a company’s interests while still in power with the (implicit or explicit) understanding that they will receive a highly paid job or consulting contract as a *de facto* bribe after leaving public service.

Standards

Clear and universally accepted standards currently do not exist. The OECD has developed some general standards related to revolving doors that provide a good starting point, but does not provide detailed benchmarks for issues such as the ideal length of ‘cooling off’ periods.⁶² A paper by GRECO provides a good overview of revolving door rules and guidelines in various countries worldwide.⁶³ A 2010 policy paper by TI outlines some basic standards, including recommendations for regulatory frameworks, cooling off periods, and effective enforcement mechanisms.⁶⁴ Please refer to Tinatin Ninua’s scoping paper for more details.

Case Vignette

US. Edward C. Aldridge served as US Undersecretary for Defense from 2001, a position that made him the Pentagon’s top weapons buyer. Working in this public role, he authorized two multi-billion dollar contracts with the company Lockheed Martin involving F-35 and F/A-22 fighter planes. The F-35 contract was signed before critical developmental testing was finished – later spurning allegations of “acquisition malpractice” – and has since experienced huge cost overruns. The F/A-22s were reportedly procured after Aldridge himself had criticized the program as overpriced. Soon after

⁶⁰ <http://www.washingtonpost.com/wp-dyn/content/article/2007/06/13/AR2007061301159.html>

⁶¹ <http://www.washingtonpost.com/wp-dyn/content/article/2007/05/22/AR2007052201595.html?tid=informbox>

⁶² See in particular pages 69-71:

[http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=GOV/PGC/ETH\(2009\)2&docLanguage=En](http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=GOV/PGC/ETH(2009)2&docLanguage=En)

⁶³ [http://www.coe.int/t/dghl/monitoring/greco/meetings/Greco\(2007\)23E_TourdeTableGR34_en.pdf](http://www.coe.int/t/dghl/monitoring/greco/meetings/Greco(2007)23E_TourdeTableGR34_en.pdf)

⁶⁴ http://www.transparency.org/whatwedo/pub/working_paper_06_2010_regulating_the_revolving_door

making these decisions, Aldridge left public office to become a member of the Lockheed Martin Corporation board, drawing a large salary from the firm.⁶⁵

⁶⁵ <http://www.nytimes.com/2004/06/29/business/pentagon-brass-and-military-contractors-gold.html>
http://en.wikipedia.org/wiki/Lockheed_Martin_F-35_Lightning_II
http://en.wikipedia.org/wiki/Edward_C._Aldridge

5. POLITICIZED APPOINTMENTS

Background

Overview. Politicized appointments reward politicians, their relatives or their supporters by giving them positions in the public sector, state owned enterprises, and other entities such as foundations that are financed from public money. Essentially, politicians use public employment as a tool for financing the building of client networks out of the public purse. At the top, such practices may include finding well-paid prestigious ‘retirement’ jobs for senior party figures; at the local level, it may be a case of (sometimes menial) “jobs for the boys”.

Legality and ethics. While politicians legitimately can and do promise to create additional public sector jobs, recruitment for such positions in OECD countries is generally governed by detailed and strict rules and regulations revolving around the principles of seniority and meritocracy. A notable exception is that of political appointments to some top-level positions in the state apparatus in some countries; for example, a newly elected US president appoints around 6,000 people to federal government positions before taking office, and ministers everywhere are appointed to head government bureaucracies. Such exceptions apart, political interference with the bureaucratic apparatus to influence hiring or promotion decisions is generally both illegal and widely regarded as unethical in OECD countries. The illegality of such practices is sometimes less clear-cut in state owned enterprises and other parastatal bodies, where hiring rules and processes may be more flexible and frequently differ from one entity to the next.

Political corruption potential. Politicized appointments usually constitute a form of political corruption in themselves, as public resources are allocated for the private gain⁶⁶ of narrow political coalitions. It undermines the democratic process as people may feel obliged to join or visibly support a certain political party (or leave a rival one) to gain employment. Depending on the context, the damage caused by the practice can far exceed the salaries attached to those positions. ‘Retiring’ a politician with limited expertise to a senior position within a state owned enterprise can lead to large scale losses for the public purse and layoffs of employees. In addition, the political appointees’ continued loyalty to their patrons may undermine sound management practices.

Standards

Clear standards are set out in national laws and regulations. The priority issue is therefore that of monitoring and enforcing compliance with existing rules, rather than the creation of new rules and standards. An alternative approach may be to explore whether the number and type of top level positions that are openly being filled with political appointees within the framework of national laws is appropriate. Establishing global standards would have little or no utility in this context, as political systems and political cultures vary so much. For example, the US practice of filling ambassadorial posts with political appointees (see below) has broad – if not uncritical – support within the US foreign policy community.⁶⁷ Any debates about revised standards will have to take place at the national level. Nevertheless, in some countries, establishing standards that set out human resource management ‘best practices’ for state owned enterprises and other parastatal bodies may add value by closing

⁶⁶ Note that such gain is not necessarily financial. US political appointees to ambassadorships are routinely expected to personally contribute towards their embassies’ hospitality expenses. However, they can be said to gain in personal prestige.

⁶⁷ A former US diplomat writing about this issue concluded that: “None of the experts consulted for this piece support stripping presidents of the right to make diplomatic appointments or giving the Senate greater power to veto unqualified nominees”. See:

http://washdiplomat.com/index.php?option=com_content&id=8985:in-us-selling-ambassadorships-to-highest-bidder-has-long-history&Itemid=428

loopholes and limiting corruption potential; due to national differences in labour and other laws, such standards are likely to remain country-specific, without wider applicability.

Case Vignettes

Spain. The near-meltdown of Spanish savings banks and the consequent bailout for the Spanish banking system has been partly blamed on management teams and boards that were packed with politicians and their clients who were frequently both unable and unwilling to perform their duties professionally. With inadequate supervision, these savings banks lent widely to property developers, local and regional governments, and political parties themselves. The consequent bailouts have cost Spanish taxpayers dozens of billions of Euros to date.⁶⁸

US. An estimated 30% of all US ambassadors are political appointees. It is estimated that around 40% of these political appointees have been major financial contributors to the current President's election campaign. Political appointees are especially frequent in 'pleasant' postings; in the last 60 years, 72 percent of U.S. ambassadors in Western Europe and the Caribbean have been political appointees.⁶⁹ An analysis of the subsequent career paths of Obama campaign donation 'bundlers' showed a correlation between the amounts raised and the likelihood of later securing an administration position: 80% of the largest 'bundlers' received a public post.⁷⁰

Britain. There are frequent suspicions that individuals have been nominated for the House of Lords in return for financial contributions to political parties. While numerous former donors have indeed become Lords, a direct link between donations and nominations – which would be illegal under UK law – has never been proven.⁷¹

⁶⁸ <http://www.theguardian.com/world/2012/jun/08/spain-savings-banks-corruption>

<http://online.wsj.com/news/articles/SB10001424052702303444204577458553768029114>

<http://www.ft.com/cms/s/0/2e9901ba-2455-11e3-8905-00144feab7de.html#axzz2mcAkkrfM>

http://graficos.lainformacion.com/economia-negocios-y-finanzas/servicios-bancarios/deudas-de-los-partidos-politicos-con-las-cajas_16jx38ZO5WL0y8ykQavRv1/

http://www.eldiario.es/politica/frob-cajas-crisis-bancos-bankia-CCLM-CAN_PP-PSOE-UPN-IU-Banco_de_Valencia-Banca_Civica_0_136836783.html

<http://www.expansion.com/2011/06/20/empresas/banca/1308525411.html>

⁶⁹ <http://www.theguardian.com/world/2013/jul/10/obama-donors-top-embassy-jobs-rewards>

<http://www.bloomberg.com/news/2013-07-25/obama-ambassadors-gave-at-least-13-6-million-in-campaign-money.html>

http://washdiplomat.com/index.php?option=com_content&id=8985:in-us-selling-ambassadorships-to-highest-bidder-has-long-history&Itemid=428

<http://www.usatoday.com/story/news/politics/2013/04/07/obama-ambassadors-political-contributors/2057931/>

http://www.nytimes.com/2013/01/19/us/politics/well-trod-path-political-donor-to-ambassador.html?_r=0

⁷⁰ <http://www.publicintegrity.org/2011/06/15/4880/obama-rewards-big-bundlers-jobs-commissions-stimulus-money-government-contracts-and>

⁷¹ <http://www.telegraph.co.uk/news/politics/10216323/Party-leaders-polluting-Parliament-by-giving-peerages-to-biggest-donors.html>

<http://news.bbc.co.uk/1/hi/4812822.stm>

6. CIVIL SERVICE FAVOURITISM

Background

Overview. Civil service favouritism refers to the accelerated promotion of some public employees due to their political affiliation in order to reward supporters within the bureaucracy. Such activities are most likely to affect the middle and higher echelons of the civil service.

Legality and ethics. Political interference with the bureaucratic apparatus to influence promotion decisions is usually both illegal and widely regarded as unethical in OECD countries. However, there are exceptions to this rule. For example, in Germany some top civil servants may legitimately be sent into early retirement at the behest of their political masters.⁷²

Political corruption potential. Civil servants may feel obliged to join or visibly support a certain politician or political party (or leave a rival one) to safeguard or increase their chances for promotion. As a result, the civil service as a whole can become dissuaded from providing political leaders with impartial advice, suffer from reduced morale, and witness a decline in competence in the higher ranks. In the worst case, the bureaucracy may end up serving narrow political party interests rather than the nation as a whole.

Standards

Clear standards are set out in national laws and regulations. The priority issue is therefore that of monitoring and enforcing compliance with existing rules, rather than the creation of new rules and standards. Any debates about revised standards will have to take place at the national level, as these will be specific to national laws and national civil service traditions, which can vary greatly from one country to the next.

Case Vignette

Germany. When the liberal party FDP was poised to lose all its seats in parliament, party leaders allegedly conspired to promote senior staff members to high positions in two national ministries, eliciting complaints from career civil servants who felt that this would undermine their own prospects for promotion and undermine the quality of the administrative apparatus. In a separate development, the Ministry of Defence recently annulled 800 politically motivated promotions.⁷³

⁷² http://de.wikipedia.org/wiki/Politischer_Beamter

⁷³ Sources (FDP):

<http://www.n-tv.de/politik/FDP-Mitarbeiter-retten-sich-ins-Ministerium-article11446571.html>

<http://www.spiegel.de/spiegel/print/d-66284662.html>

http://www.nachrichten.de/politik/Befoerderungen-vor-Wahl-Debakel-Operation-Abendsonne--FDP-schacherte-sich-Posten-zu-aid_7017730199113287598.html

Source (MOD):

<http://debizz.ro/verteidigungsministerium-nimmt-mehr-als-800-befoerderungen-zuruck-2/>

See also:

<http://www.faz.net/aktuell/wirtschaft/wirtschaftspolitik/befoerderungen-nach-parteibuch-das-umstrittene-personalkarussell-der-ministerien-11631772.html>

http://www.hrz-online.de/website/rubriken/nachrichten/indexhessen34938.jsp?rubrik=34954&key=standard_document_50198589

7. CROSS-BORDER STATE CAPTURE

Background

Overview. Established democracies,⁷⁴ especially larger nations, are often involved in cross-border state capture of weaker countries, typically in the developing world. Capture mechanisms may include using development aid as a bribe (or cutting off such aid as a punishment), making direct payments to partisan political players such as political parties, individual politicians,⁷⁵ or social movements such as trade unions, and distorting public discourse in other countries by bankrolling 'domestic' proxies that echo their paymasters abroad.⁷⁶ The aims of state capture vary very widely, and include securing votes in international bodies and commissions, the adoption of certain national laws favoured by foreign sponsors that enjoy little domestic support, military bases or supply routes, troops for peacekeeping missions that rich countries prefer not to get involved in, and the installation or maintenance in power of sympathetic leaders and regimes, regardless of domestic democratic processes or levels of political support in the target nation. A less frequent variant is foreign state capture by corporate interests based in established democracies, notably in fragile but resource-rich states.

Legality and ethics. These practices are usually legal in the country that does the capturing, but are sometimes illegal on the receiving side, especially where clandestine funding of partisan political players is involved. (Note the analogy to foreign bribe payments twenty years ago.) In some – though not all – cases, intelligence agencies are involved in the capture process, limiting democratic oversight. The ethics of such practices are questionable.

Political corruption potential. The political corruption potential depends strongly on the strength and wealth of the target nation. In weak states that are highly aid dependent, foreign actors can enjoy greater power than domestic voters, undermining democratic processes, domestic accountability, and the legitimacy of democracy as such.

Standards

No clear standards appear to exist on the global level. A good example of a strong domestic standard can be found in UK law, which explicitly prohibits its foreign aid agency (DFID) from taking British strategic or commercial interests into account when deciding on the allocation of overseas aid.

Case Vignettes

- **Capture by state actors:**

Kyrgyzstan. Above and beyond formal state-to-state payments for use of the Manas airbase in Kyrgyzstan, the US awarded numerous overpriced contracts to companies owned by close associates of the Kyrgyz president.⁷⁷ Between 2001 and 2005 alone, the United States paid hundreds of millions of dollars for base-related service and fuel contracts to companies that were directly controlled by the

⁷⁴ The scope of this paper is limited to established democracies. Other states, such as Saudi Arabia, Russia and China, engage in similar practices abroad.

⁷⁵ <http://www.foxnews.com/politics/2014/04/14/usaids-under-fire-for-spending-billions-on-questionable-foreign-programs/>

⁷⁶ Arguably, some TI National Chapters in developing countries sometimes act as such proxies – their policy agendas, analyses and recommendations often reflect their foreign donors' priorities to a remarkable degree, even when such priorities seem to diverge from prevailing domestic perspectives. The classic text on this phenomenon is the book "Promoting Polyarchy":

<http://www.net4dem.org/cyrev/archive/issue6/articles/RobinsonReview/RobinsonReview.htm>

⁷⁷ <http://oilprice.com/Geopolitics/Europe/Kyrgyzstan-Business-Corruption-And-The-Manas-Airbase.html>

president's family.⁷⁸ The airbase, which generates more than 5% of the country's GDP,⁷⁹ has long been the centrepiece of a bidding war between the US and Russia.⁸⁰

Central America. The US has long funded various domestic political actors in Central America in order to promote regimes, decisions and laws that further US foreign policy and commercial interests. Such funding takes place through both open and clandestine channels.⁸¹

Yemen. After Yemen voted against the Iraq war in the UN Security Council in 1990, the US Secretary of State had told Yemen's UN representative "That is the most expensive vote you ever cast." The US and allied states subsequently cut hundreds of millions of dollars' worth of aid to Yemen.⁸²

South Pacific and Africa. The People's Republic of China and the Republic of China have long been engaged in a bidding war to secure formal diplomatic recognition from small countries in the South Pacific and Africa.⁸³ Whether such bids only involve state-to-state aid or also include clandestine payments to top officials is unknown.

Afghanistan. The overthrow of the Taliban regime in Afghanistan was largely achieved by paying bribes to individual warlords in order to motivate them to switch sides. Since then, Western militaries have continued paying selected warlords in order to further their own strategic aims, helping to perpetuate the fragmentation of the country. Some warlords have reportedly received tacit 'permission' to grow opium in return for their support, directly undermining the emergence of the rule of law. During the 2005 parliamentary election campaign, the US government through the NDI and IRI allegedly⁸⁴ made direct payments to parliamentary candidates, undermining the democratic process in direct violation of Afghan law.

- **Capture by corporate actors:**

Ukraine. The tobacco company Philipp Morris is currently paying the Ukraine to sue Australia at the World Trade Organization in order to challenge Australian laws restricting branding on cigarette packages.⁸⁵

Indonesia. Mobil Oil has admitted to supplying food, fuel and equipment to Indonesian soldiers hired to protect oil installations. The soldiers were later implicated in massacres in the breakaway province of Aceh and reportedly used Mobil's equipment to dig mass graves; Mobil denied knowledge of any abuses.⁸⁶

II. PROGRAMMING OPTIONS FOR THE TI MOVEMENT

⁷⁸ <http://www.nytimes.com/2009/02/10/opinion/10iht-edcooley.1.20075778.html>

⁷⁹ <http://www.foreignaffairs.com/articles/61202/alexander-cooley/base-politics>

⁸⁰ http://www.hhs.se/SITE/events/PolicyEvents/Documents/Werker_PeopleofAid.pdf

<https://www.fas.org/sgp/crs/row/R41178.pdf>

⁸¹ The seminal text on this is the scholarly book Promoting Polyarchy:

<http://www.amazon.co.uk/Promoting-Polyarchy-Globalization-Intervention-International/dp/0521566916>

Numerous reviews of the book are available online.

⁸² <http://studies.aljazeera.net/ResourceGallery/media/Documents/2011/7/28/2011728101411781734US-Yemeni%20Relations.pdf>

⁸³ http://aacs.cuny.edu/2009conference/Timothy_S_Rich.doc

⁸⁴ Personal conversation between the consultant and a senior UN election official, Afghanistan, 2005.

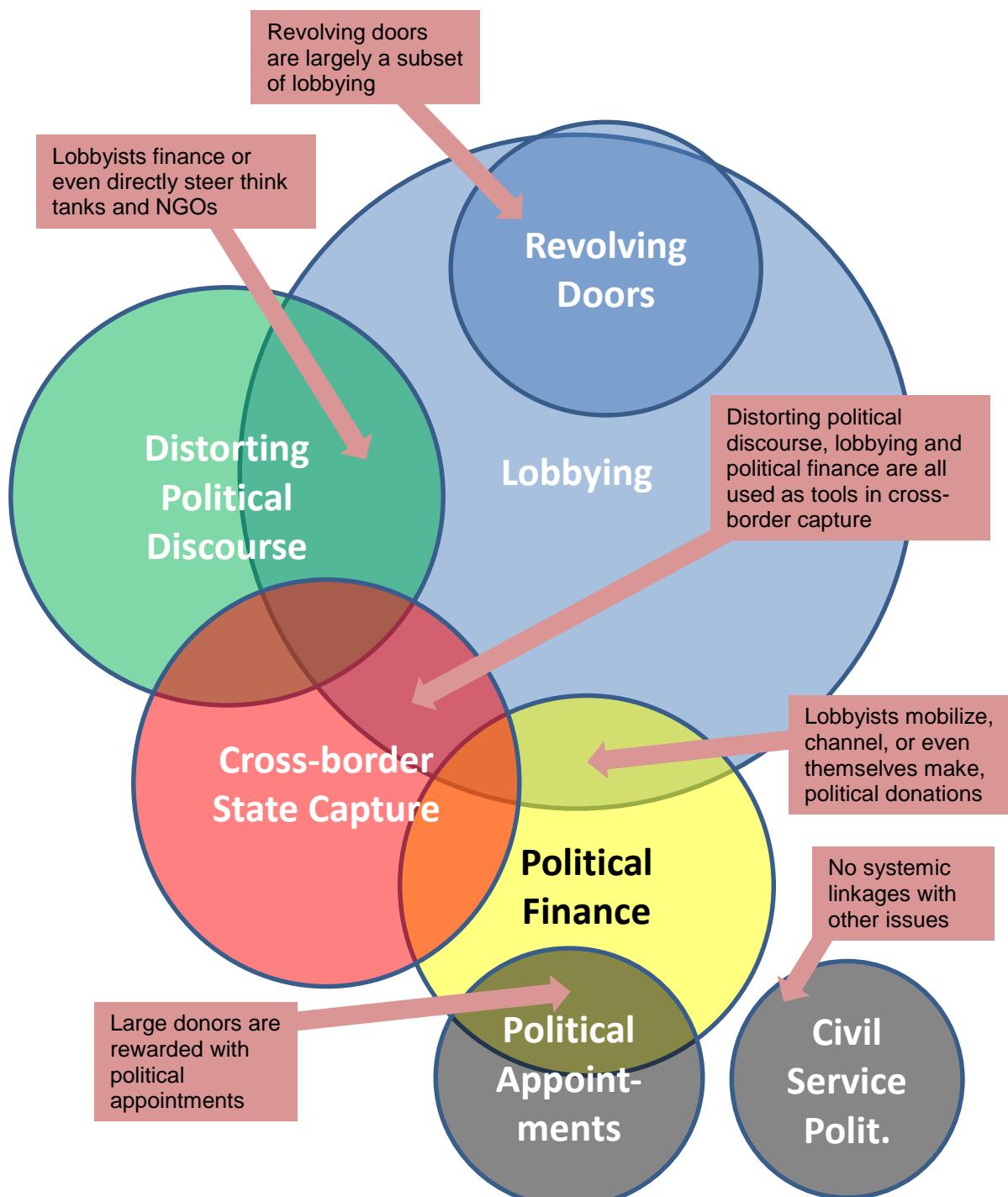
⁸⁵ http://www.nytimes.com/2013/12/13/health/tobacco-industry-tactics-limit-poorer-nations-smoking-laws.html?pagewanted=2&_r=0

⁸⁶ <http://www.icij.org/project/making-killing/greasing-skids-corruption>

MAPPING POLITICAL CORRUPTION

Most of the seven types of grand political corruption discussed above are interrelated. The map below shows how they are logically connected. Lobbying is interrelated with nearly all other types of corruption, reflecting the wide-ranging and amorphous nature of the practice as well as the frequent use of lobbyists as intermediaries to perform a wide range of tasks.

Please note that different circle sizes are used only to make visual representation easier.



PROPOSED PROGRAMMING APPROACH

TI cannot approach grand political corruption under the umbrella of a single programme or project as the term encompasses too many and too diverse individual types. Also, TI's institutional experience varies greatly from one type to the next.

Grand political corruption can be logically grouped into five clusters (see also the map above):

1. Distorting political discourse
2. Political finance
3. Lobbying and revolving doors
4. Politicized appointments, hiring and promotions
5. Cross-border state capture

TI should approach each of these clusters separately. In addition, TI should consider launching cross-cutting a political corruption risk assessment project. The table below provides an overview.

TYPE OF GRAND POLITICAL CORRUPTION	TI EXPERIENCE ⁸⁷	PROPOSED APPROACH
1. Distorting political discourse	None	Scoping by TI-S
2. Political finance	Strong (TI-S and NCs)	Conventional project
3. Lobbying	Very limited	Innovation project
4. Revolving doors		
5. Politicized appointments to public positions	Very limited? ⁸⁸	None ⁸⁹
6. Politicization of the civil service		
7. Cross-border state capture	None	Multi-country scoping
X. Cross-cutting	n/a	Risk assessment project

No systematic TI-S engagement on civil service types is recommended ("Politicized appointments to public positions" and "Politicization of the civil service"). In most – but not all – established democracies, these are minor problems. Also, there are very strong inter-country variations due to differences in national political systems and cultures, making universal standards or approaches impossible to develop.

If and when individual NCs identify these types as major national issues or risks, they should fundraise and implement projects at the national level, without TI-S involvement. This does not mean that these types are always of minor importance – the recent Spanish banking scandals (see above) may be one of the biggest instances of grand political corruption in European history – but simply that engaging with the issues above the national (NC) level makes no sense. At most, the TI-S Regional Departments could informally encourage exchanges of experience between those NCs that do work on these issues.

The pages below outline programming options for TI structured by cluster, in the following order:

1. Distorting political discourse
2. Political finance
3. Lobbying and revolving doors
4. Cross-border state capture
5. Risk assessments (cross-cutting)

⁸⁷ Based on Tinatin Ninua's scoping paper for TI.

⁸⁸ The consultant is not aware of any TI activities related to these types, but has not conducted a systematic search.

⁸⁹ Individual National Chapters may engage with these issues if they assess them as high risk or of strong domestic interest, but there seems little scope for systematic engagement by TI-S.

1. DISTORTING POLITICAL DISCOURSE

Proposed approach: Further scoping by TI-S

Distortions of political discourse by powerful groups can have huge negative effects on democratic processes and outcomes, from misleading public opinion over agenda setting to policy formulation. The main actors are think tanks and NGOs.⁹⁰ Lobbyists often act as planners, coordinators, and/or intermediaries, and sometimes directly perpetrate distortions themselves.

TI lacks experience in this area, but is well positioned to engage with the topic due to its mandate, strong research capacity, and the paucity of other actors in the field. Furthermore, existing TI positions, approaches and tools can easily be transferred to this field, as the core underlying problem is a lack of transparency. A problem for TI may be that some NCs themselves currently fail to meet the transparency standards that TI is likely to eventually demand from other non-profit players. A review of the current TI certification process for NCs in this respect may be a good first step, as a movement-wide rollout of new certification criteria is likely to take a long time.

TI-S should conduct further scoping to determine the scale of distortions, key mechanisms, priority sectors, and possible entry points for programming. During the scoping process, TI-S may wish to liaise with Transparify, a recent project will rate the financial transparency of over 160 think tanks worldwide in late April 2014 (see also above).⁹¹ TI-USA may be able to contribute additional input by interviewing US organizations involved in monitoring and analysing lobbying activities. Inclusion of a number of case studies (individual or sector-wide) in the scoping paper would add considerable value.

Post-scoping programming options will probably centre on think tank and NGO financial transparency, and on codes of conduct for lobbyists. The only feasible way to effectively enforce transparency standards across such the huge and very diverse non-profit sector would be through legally mandating the public disclosure of key financial data by organizations seeking non-profit status and associated tax privileges.⁹² TI-S could contribute to global and national debates by conducting a comparative study of non-profit legislation and regulation across several major democracies, covering public disclosure rules and political campaigning restrictions.⁹³ An alternative (and easier) option may be to work with large think tank funding bodies to integrate basic transparency requirements into their funding eligibility criteria.

⁹⁰ In some cases, individual academics and research institutions may also be involved. A review of TI's existing work on the pharmaceutical industry with regard to similar distortions in pharmaceutical research and public communications may provide useful insights into such dynamics.

⁹¹ See www.transparify.org

A similar earlier initiative, limited to the UK in scope, was www.whofundsyou.org

⁹² The legal and regulatory requirements and restrictions imposed on non-profits vary greatly between OECD countries. For example, under US legislation, every non-profit must publicly disclose the size of the largest single salary it pays to an employee; few countries have similar requirements. Conversely, the UK imposes strict limits on political campaigning by NGOs that would be seen as an infringement on free speech in the US.

⁹³ Regarding political campaigning by non-profits, there will always be a tension between the danger of subsidizing special interest lobbying through NGOs with tax-exempt status on the one hand, and stifling civil society engagement in policy debates on the other. See this example from the UK:

<http://www.independent.co.uk/news/uk/politics/tories-put-lobbying-bill-on-hold-over-fears-of-embarrassing-defeat-in-house-of-lords-8923325.html>

2. POLITICAL FINANCE

Proposed approach: Political finance project

Political finance has long been on TI's map. The TI movement has extensive experience with working on political finance, both at TI-S and at the NC level (please see Tinatin Ninua's scoping paper for details).

Strong assessment tools by TI and external actors already exist, and global standards – while possibly limited in utility (see further above) – have already been developed.

A political finance project could include the following components:

- **Cross-country overview of political finance realities (TI-S)**

Cross-country comparators can be a useful tool for NCs wishing to generate broad support for, and momentum towards, reforms in their home countries. A central guiding question should be whether a party in a given country could possibly win elections without corporate funding. TI-S compiles data covering a few key democracies to explore a few basic and easily communicable metrics (see also the tools further below) such as:

- What does a vote cost in each country?⁹⁴
- % of state funding in major parties' income portfolios
- % of corporate funding in portfolios (disaggregated by economic sector)
- % of funding from private contributors (major, minor, and membership fees)
- Average level of funding concentration in each country's major political parties⁹⁵

- **Position paper on corporate governance and political finance (TI-S)**

This component targets the supply side of political finance. Many corporations currently provide political finance without adequate oversight by shareholders or their supervisory boards.⁹⁶ The position paper should elaborate clear standards that can later be used by campaigners worldwide to press for national-level reforms.

- **Campaign against foreign donations (TI-S and NCs)**

TI-S jointly with interested NCs campaigns for a ban on all foreign donations to political parties, politicians and candidates in those countries where the practice is not yet outlawed.⁹⁷ This would be a minor component, with TI-S providing limited support in the form of a short discussion paper and support with developing press releases etc.

- **Develop simple assessment tool (TI-S)**

Simplify the CRINIS tool for easier use by NCs, possibly adding some of damage-focused and empirical-data-based assessment criteria (as outlined in the tools presented further below) into the mix. TI-S could also draw on the International IDEA political finance database⁹⁸ when developing such a tool.

⁹⁴ Campaign expenditure per voter in the most recent national elections.

⁹⁵ To measure possible dominance by a few major donors, similar to the GINI coefficient that measures inequality.

⁹⁶ See here for a great assessment tool being used in the US:

http://www.pfizer.com/files/about/2013_CPA_Zicklin_Index.pdf

⁹⁷ The International IDEA political finance database provides a full list of countries that lack a ban.

⁹⁸ <http://www.idea.int/publications/political-finance-regulations/loader.cfm?csModule=security/getfile&pageid=52121>

- **Develop menu of programming options (TI-S)**

Draw together the past work of its NCs and other national-level actors (especially leading US campaign groups) into a single comprehensive and detailed overview of successful approaches to political finance risk assessment, monitoring and reform. In order to ensure relevance to NCs, several NCs should participate by critically reviewing the menu prior to its completion.⁹⁹

- **Internal grant competition (NCs)**

Launch a grant competition on political finance for NCs. NCs use the assessment tool as pre-qualification criterion and then independently develop national-level project proposals. While NCs can choose to use the menu of programming options (see above) to inform their own project designs, the grant competition should be open to all approaches in order to promote further innovation within the TI movement.

⁹⁹ A recurring complaint by NCs is that documents produced by TI-S are often too focused on general principles and too generic to be of much use to NCs (classic example: “Civil society plays a central role in blahblah...”). TI’s public procurement manual is a good example of a manual that is both comprehensive and detailed; for example, it provides step-by-step guidance, concrete cost estimates and detailed time lines for developing integrity pacts.

3. LOBBYING AND REVOLVING DOORS

Proposed approach: Innovation project

Lobbying is a major factor in grand political corruption in democracies. In some cases, lobbying directly involves grand political corruption; at the same time, it plays a key role in other types of grand political corruption, notably in political finance and the distortion of political discourse. Revolving doors are such a large problem only because they usually take place in a lobbying context (see the map above). Data from US clearly indicate that lobbying is big business in some countries, and numerous incidences of illegal and unethical lobbying practices have been uncovered worldwide.

TI has limited experience in engaging with lobbying. One reason may be that lobbying in general, and lobbying regulation in particular, is so country-specific that TI-S has had little scope to take the lead on the issue. Cross-country comparisons are nearly impossible due to the lack of common definitions and specific lobbying-related national legislation. Another reason is that the desk analysis of rules and regulations that the TI network traditionally excels in provides few opportunities to meaningfully engage with the less savoury aspects of lobbying, which – whether legal or not – tend to take place behind closed doors.

Some promising national-level lobbying initiatives exist outside the TI network. US organizations are leading in this field; examples include Open Secrets¹⁰⁰, the Sunlight Foundation¹⁰¹ and Common Cause.¹⁰² Further scoping is likely to reveal more national-level initiatives by organizations outside the US.¹⁰³

TI should begin to work on lobbying using a bottom-up approach. TI's greatest strength is its network of NCs, which – when left to come up with approaches independently – can be an immense source of innovation. TI-S can leverage this strength by launching a small project involving only three steps.

- First, compile a very brief (in order not to stifle innovation) list of the websites promising lobbying initiatives worldwide, append the tools presented in this paper (see further below), and share the resulting document with NCs.
- Second, launch an internal grant competition calling for small lobbying projects of any kind, shape or form by NCs.
- Third, conduct a post-project review of all NC projects and draw their approaches together into a comprehensive menu for future scaling up and rollout across the movement.

If donor funding for such a vaguely defined project cannot be found, TI could consider reversing the process: distribute the list and solicit small project proposals from NCs, and then bundle all these projects into a single international proposal with well-defined activities and outputs that can be presented to donors for funding.

TI should include the European Union in any lobbying project. The EU is now the prime source of regulation for one of the biggest markets in the world, and media reports suggest that illegal and unethical lobbying practices are widespread.¹⁰⁴ TI-S should ensure that this prominent locus of lobbying is not neglected even if the project's overall focus is on the national level.¹⁰⁵ In the long term,

¹⁰⁰ <http://www.opensecrets.org/lobby/>

¹⁰¹ <http://sunlightfoundation.com/policy/lobbying/guidelines/>

¹⁰² http://www.commoncause.org/site/apps/nlnet/content2.aspx?c=dkLNK1MQlwG&b=810365&content_id={F56EE531-0C40-40F7-AD77-B52AD429CE1E}¬oc=1

¹⁰³ For example, see the German Lobby Control website: <https://www.lobbycontrol.de/>

¹⁰⁴ <http://www.presseeurop.eu/en/content/article/588931-wild-world-lobbyists>

¹⁰⁵ A possible partner may be ALTER-EU. See: <http://www.alter-eu.org/>

See also: <http://globalvoicesonline.org/2012/12/20/lobbying-and-transparency-pressuring-the-european-union/>

TI engagement with lobbying in the context of ASEAN, the WTO and other multilateral bodies with regulatory powers could also be considered.

4. CROSS-BORDER STATE CAPTURE

Proposed approach: Multi-country scoping

Cross-border state capture is a major problem in some countries, undermining domestic accountability and democratic processes. While such cross-border capture does not seem to be a major problem *in* established democracies in the developed world, many of the problems in this regard are caused *by* established democracies. In many countries, the perception that government leaders and their actions are influenced more by powerful foreign players than by voters at home is widespread and probably not incorrect, undermining the prospects for meaningful democracy.

State capture by foreign governments is clearly a form of corruption. It is an open secret in some countries that certain political parties and candidates are clandestinely financed from abroad, notably in parts of Africa and throughout most of the post-Soviet space. Elections cannot be competitive where one or several parties enjoy lavish patronage from abroad. In other cases, bribes are openly paid into state budgets in the form of official aid with the tacit understanding that members of the ruling elite will use those funds to personally enrich themselves (Mobutu's Zaire is the classic example) and/or co-opt rivals by passing on part of the funds through channels of patronage (as in post-Arab Spring Yemen). Presumably, the direct bribery of senior government officials and civic leaders by foreign diplomats or intelligence operatives is also not unknown. In some cases (see above), private sector actors also seem to 'rent' political parties, law enforcement bodies, security forces, or ministries.

TI has so far failed to engage with the issue. This is astonishing because it is a major global problem that per definition involves corruption. TI originally entered the global scene challenging a practice that was legal (despite its opacity), widespread and that many took for granted – the payment of bribes by powerful companies to developing country recipients – and within years succeeded in making the practice illegal, less prevalent, and widely stigmatized. Why similar actions by powerful governments have so far remained unchallenged by TI is unclear. As with international bribery by corporations, addressing this problem in terms of corruption control within recipient countries alone is one-sided and unlikely to be very effective.

TI should conduct a scoping study to explore the issue in depth and identify possible entry points. Such a scoping study should involve researchers in both 'supply' and 'recipient' nations, possibly including selected NC staff. On the 'supply' side, key countries to be considered are the US, France, China, Russia, Iran and Saudi Arabia. On the 'demand' side, states that are nominally democratic and are targeted for influence by major regional or global powers are prime candidates for study. Examples include Moldova, Ukraine, Lebanon, Iraq, Pakistan, Cambodia, Venezuela, Bolivia, Mali, Guinea, the DRC and Angola. As little information on these practices exists in the public realm, and the topic is highly sensitive, the scoping methodology will need to centre on confidential face-to-face interviews. Ideal interview partners would be retired diplomats and intelligence officials, senior politicians and political analysts in developing countries, and experts who have worked with political parties in the developing world, notably former NDI and IRI staff. A workshop on the topic during the next IACC may also elicit some useful perspectives.

This is a highly salient issue that falls squarely within TI's mandate. If donor funding for an in-depth scoping study cannot be found, TI-S should finance it from internal unrestricted funds; collaboration with a university or other research institution may add value.

5. CROSS-CUTTING RISK ASSESSMENT PROJECT

A risk assessment project could enable NCs to focus their anti-corruption efforts where potential damage is greatest. As noted above, unqualified political appointees and a dense web of mutual favours between savings banks and political parties significantly contributed to the Spanish banking crisis, which brought the country's economy to the brink of collapse and has already cost taxpayers dozens of billions of dollars in bailout funds. The worst of the crisis may arguably have been averted if TI Spain had spotted the risk early, raised the alarm, and built an effective constituency for reform.

The TI movement will need to move beyond structural analysis of laws and formal systems and simultaneously take into account a wide range of potential risk areas in order to identify such potential disasters early in future. Several possible alternative approaches are outlined below.

- **Post-mortems of past major corruption scandals**

A review and analysis of past major corruption scandals that resulted in significant damage would enable TI to identify general patterns and specific warning signs. Three questions should guide such a review:

- First, could the scandal have been prevented, and if so, how?
- Second, could the scandal have been predicted, and if so, how?
- Third, what general patterns underlie major corruption scandals in established democracies?

Such post-mortems of historical events could be carried out centrally by TI-S, or on a national level by individual NCs. The ideal setup would be for a number of NCs in established democracies to independently conduct national-level post-mortems, and for TI-S to then pull together all national studies and provide a summary analysis.

- **Pre-mortems of future corruption scandals**

The pre-mortem technique was first proposed by Nobel Prize winner Daniel Kahnemann, and is rapidly becoming a popular risk analysis and project planning tool.¹⁰⁶ Essentially, an NC conducting a pre-mortem gathers a small number of experts and announces that the country's worst ever corruption scandal has just occurred. It then asks them to imagine what happened, and how.¹⁰⁷ Based on such hypothetical scenarios, the NC can identify high risk areas and start work on developing appropriate solutions. TI-S should encourage a few NCs to pilot this low-cost but untested approach to ascertain its utility.

- **Systematic identification of high risk areas**

High risk areas are typically characterized by three factors:

- an enabling environment (ineffective formal safeguards)
- high potential for damage¹⁰⁸
- reckless behaviour by key actors

In the case of the Spanish savings banks, supervisory boards were ineffective, the sums the banks controlled immense, and key bank staff behaved irresponsibly. TI traditionally excels at analysing formal safeguards and systems, but is less experienced in identifying high-risk areas or studying actor-level behaviour.¹⁰⁹ A notable exception is TI's excellent manual on "Analysing Corruption in the

¹⁰⁶ <http://lexicon.ft.com/term?term=premortem>

¹⁰⁷ <http://www.adb.org/sites/default/files/premortem-technique.pdf>

¹⁰⁸ Damage may take many forms: undermining democratic processes, weakening governance, slowing economic growth, endangering citizens' lives and well-being, and/or diversion of public financial resources.

¹⁰⁹ A classic example is TI's long-established claim that corruption is a problem caused by flawed systems rather than by corrupt individuals. While this stance has its merits, it fails to explain why some individuals choose to engage in corruption while others within the same government office do not. While systems-level models may be useful when large amounts of individuals are involved (for example explaining average levels of corruption within a given country's police force), they are

Forestry Sector”,¹¹⁰ which provides a good starting point for developing more risk-based approaches in other areas. The general approach outlined in TI’s forestry manual could be combined with the assessment tools and metrics presented in the final section of this paper to yield a comprehensive political corruption risk assessment tool. Use of such a tool should be piloted by several NCs before it is made available across the TI movement to test its utility and elicit additional salient metrics.

- **Data mining and data analysis**

The tools presented further below contain numerous empirical metrics that could be used to identify areas of high corruption risk. Below is a list of hypothetical data analysis results that should immediately raise red flags:

- 92% of Wikipedia entries about Fortune 500 companies have been edited by the company in question or by an external lobbyist (distorting political discourse)
- 65% of green Party funding comes from two solar panel manufacturers (political finance)
- 274% rise in defence sector lobbying expenditures over the last two years (lobbying)
- Political appointees run SOEs that collectively employ 1.2 million people (political appointments)

Data mining and analysis can be used stand-alone, or in conjunction with the other programming options presented here. Post-mortems and pre-mortems could inform the development of new metrics; post-mortems in particular could serve to validate existing metrics through backcasting.

More broadly, similar empirically based approaches could be mainstreamed into other TI tools where appropriate to improve their value by adding an additional dimension. As an additional bonus, hard data (if presented in an accessible format) has good potential to capture the attention of the media and the public – and thus spark follow-on investigations by third parties.

far less salient when applied to top-level corruption, which typically involves only a small number of participants (does the interior minister take bribes or not?).

Culture – in this case political culture – can also play a strong role; TI officially denies that there is a link between culture and corruption despite a wealth of evidence to the contrary from academic criminology and cross-cultural social psychology. Therefore, TI’s models cannot explain why the UK political scene was comparatively clean in the 1980s, when absolutely no political finance laws were in place in the country.

¹¹⁰ http://www.transparency.org/whatwedo/pub/analysing_corruption_in_the_forestry_sector_a_manual

III. ASSESSMENT TOOLS

Overview

The tool below is designed to help TI-S and National Chapters to think through six types of grand political corruption:

1. Distorting political discourse
2. Grand political finance
3. Lobbying
4. Revolving doors
5. Politicized appointments to public positions
6. Politicization of the civil service

Tools for the seventh type of corruption, cross-border state capture, are not presented here.

Approach

The tool distinguishes between two key dimensions:

Vulnerability focuses on formal systems to determine how vulnerable a system is to abuse. Vulnerability assessment usually centres on the legal framework, but the wider political, administrative and commercial systems can also play a role. Assessing vulnerability is important in that it reveals opportunities for corruption, but it does not tell users whether corruption actually occurs. Just because a door is open does not mean that many people are inevitably walking through it, or that they are causing substantial harm by doing so.

Damage tries to capture two variables. The first issue is to what extent corruption actually occurs within a given type of grand political corruption (frequency). The second issue is the actual or potential damage being generated by this corruption (impact).¹¹¹ Determining the extent to which grand political corruption occurs in practice is very difficult; it is very hard to estimate, often impossible to quantify, and will usually involve a lot of qualitative field research. The factors and metrics presented here should be understood as lists of possible entry points only, not as substitutes for in-depth qualitative research and sharp political analysis instincts at the country level.

Note: The various factors and metrics presented here are by no means comprehensive or exhaustive, and should be refined and expanded by TI over time.

¹¹¹ Standard risk assessment methodologies across sectors routinely use 2X2 matrices of frequency and impact to prioritize areas for action. TI's manual on "Analysing Corruption in the Forestry Sector" employs the same approach:
http://www.transparency.org/whatwedo/pub/analysing_corruption_in_the_forestry_sector_a_manual

1. DISTORTING POLITICAL DISCOURSE

Assessing Vulnerability

What level of vulnerability to this form of corruption does the political and legal system generate?

CATEGORY	FACTOR	METRIC(S)
POLITICAL SYSTEM	Do political, economic, and other public debates within the country have wider regional or global ramifications?	yes/partially/no
	Is public debate on key political issues highly polarized?	yes/partially/no
LEGAL SYSTEM	Are NGOs and/or think tanks legally obliged to reveal who finances them?	yes/no
	If yes, to what degree is this information comprehensive, detailed and easily accessible?	high/medium/low
	Are entities financing NGOs and think tanks (such as foundations) legally obliged to reveal whom they finance?	yes/no
	If yes, to what degree is this information comprehensive, detailed and easily accessible? ¹¹²	high/medium/low
	Are tax-exempt NGOs and think tanks covered by freedom of information provisions? ¹¹³	yes/no

Assessing Damage

How widespread is this type of corruption, and when it happens, how damaging¹¹⁴ is it?

CATEGORY	FACTOR	METRIC(S)
PREVALENCE (frequency)	To what extent are proxy voices used to distort political discourse?	expert interviews
	How strongly are the conclusions of think tank studies aligned with the interests of their funding sources?	statistical analysis case studies
	Do think tanks sometimes change their positions on an issue after receiving large sums from one source?	case studies
	Is the media coverage that some interest groups receive disproportionate to their membership base?	statistical analysis case studies % of NGOs cited in the media that have less than 100 members % of NGOs cited in the media that derive less

¹¹² Note that contributions to think tanks and NGO proxies may not be listed as charitable contributions by companies. For example, Phillip Morris does not list advocacy groups in its “charitable giving 2012” list; meanwhile, the paucity of recipients listed in the “political” and “other” categories suggests that the information provided by Phillip Morris may not capture the full picture. See:

http://www.pmi.com/eng/about_us/corporate_contributions/pages/corporate_contributions.aspx

¹¹³ See here for an interesting discussion:

<http://www.transparify.org/blog/2014/4/8/think-tanks-and-the-right-to-information>

¹¹⁴ Damage may take many forms: undermining democratic processes, weakening governance, slowing economic growth, endangering citizens’ lives and well-being, and/or diversion of public financial resources.

		than 10% income from private sources
	Are 'letters to the editor' printed in newspapers sometimes secretly authored by interest groups?	% of letters in sample (follow-up with author)
	Can Wikipedia entries and edits in controversial areas be traced back to parties with a vested interest?	retrospective tracking of authorship ¹¹⁵
	How widespread is non-attributed blogging and online commenting by spin doctors?	case studies
IMPACT	What are the main issues on which payers are seeking to distort political discourse?	scoping case studies
	What has the impact of these distortions been on political discourse for each issue?	case studies examining for each issue: # of think tank publications # of citations by other researchers, media, and official sources ('echo chamber') # legal or regulatory amendments traceable to think tank publications % shifts in opinion polls

¹¹⁵ Examples:

<http://royaldutchshellplc.com/2013/04/17/bp-a-novice-at-manipulating-wikipedia-compared-with-shell/>
<http://www.prweek.com/article/1109367/call-transparency-agencies-slam-bell-pottingers-wikipedia-use>

2. POLITICAL FINANCING

Assessing Vulnerability

What level of vulnerability to this form of corruption does the political, legal and administrative system generate?

CATEGORY	FACTOR	METRIC(S)
POLITICAL SYSTEM	Are elections campaigns highly polarized in terms of policy issues?	Yes/No
	Do political parties and/or individual candidates receive state funding to cover some or all of their costs?	Yes/No
	If yes, what is the share of state funding in the coffers of political parties and/or individual candidates?	% state funding (average and by party)
LEGAL SYSTEM	<ul style="list-style-type: none"> Party accounts <p>Are political parties obliged to disclose detailed annual statements of accounts to a political finance regulator?</p> <p>Are political parties obliged to have their annual statement of accounts independently audited?</p> <p>If yes, is this information publically available?</p> <ul style="list-style-type: none"> Party and candidate incomes <p>Are political parties and candidates obliged to disclose the details of the donations they receive to a political finance regulator?</p> <p>If yes, is this information publically available?</p> <p>Are members of elective office required to disclose donations they receive that are towards their political activities?</p> <p>Are there disclosure rules for “bundlers” of multiple donations?</p> <ul style="list-style-type: none"> Party and candidate expenditures <p>Are political parties and candidates obliged to disclose detailed campaign spending reports to a political finance regulator?</p> <p>If yes, is this information publically available?</p> <p>If political parties and candidates are obliged to disclose their campaign spending at elections, does this disclosure require an independent audit?</p> <ul style="list-style-type: none"> Non-party campaigners <p>Are non-party campaigners at electoral events obliged to disclose the details of the donations they receive to a political finance regulator?</p> <p>Are non-party campaigners obliged to disclose detailed campaign spending reports to a political finance regulator?</p> <p>If yes, is this information publically available?</p>	Yes/No

		If non-party campaigners are obliged to disclose their campaign spending at elections, does this disclosure require an independent audit?	Yes/No
		Are corporate non-party campaigners required to maintain separate bank accounts for money spent on political campaigning?	Yes/No
Supply-side controls		Are there limits on the permissible sources of donations to political parties, candidates and/or non-party campaigners? (e.g. prohibitions on corporate or foreign donors)	Yes/No
		Are there limits on the permissible sources of loans to political parties, candidates and/or non-party campaigners?	Yes/No
		Are there limits on how much individuals and/or organisations can donate to political parties, candidates and/or non-party campaigners?	Yes/No
		Do corporate donations require authorisation from shareholders and/or board members?	Yes/No
		Are there legal controls on elected officials using public resources for campaign purposes?	Yes/No
Demand-side controls		Are there legal limits on campaign spending by political parties and/or candidates?	Yes/No
		Is the scope of these rules wide enough to cover all election-related spending?	Yes/No
		Are there legal limits on campaign spending by outside actors such as civil society groups?	Yes/Partially/No
		If yes, are these limits proportionate enough to capture major items of election spending, whilst ensuring the burdens on campaigners do not adversely affect their ability to participate in the democratic process?	Yes/Partially/No
Monitoring and enforcement		Is there a regulator who has specific responsibility for monitoring and ensuring compliance with the rules on political finance?	Yes/No
		Is the legislation specific enough to allow the regulator to monitor and ensure compliance with the rules?	Yes/No
		Is the regulator sufficiently staffed and funded to be able to function effectively?	Yes/No
		Are there specific individuals or entities that are legally responsible for ensuring compliance with the rules for political parties, candidates and non-party campaigners?	Yes/Partially/No
		Are there criminal and/or civil sanctions for failing to comply with rules on political finance?	Yes/Partially/No
		Are there any known loopholes in the rules that stop them from achieving their intended purpose?	Yes/No
Governance and scrutiny		Is the regulator responsible for monitoring and ensuring compliance with the rules independent of the government?	Yes/No

	Are senior decision-makers of the regulator (e.g. Board and Chair) appointed by a cross-party panel through an open and transparent process?	Yes/No
	Are the majority of the regulator's board members independent of political parties?	Yes/No
	Does the regulator or enforcement body have to report regularly to the public on its activities?	Yes/No
	Can members of the public challenge decisions by the regulator in a court of law?	Yes/No
	Are significant changes to the rules on political finance open to scrutiny and input by the legislature, judiciary, media and civil society?	Yes/Partially/No
ADMIN SYSTEM	Does the regulator provide an easily accessible online portal for obtaining details on political finance disclosures?	Yes/No
	If yes, does the data export to Excel or csv format?	Yes/No
	If yes, is the data made available under an open licence?	Yes/No
	If yes, does the data contain unique identifying numbers/codes to help analysts link with other datasets?	Yes/No
	If yes, does the online portal include interactive visualisation tools to help laymen understand the data?	Yes/No

Assessing Damage

How widespread is this type of corruption, and when it happens, how damaging¹¹⁶ is it?

CATEGORY	FACTOR	METRIC(S)
PREVALENCE (frequency)	What is the volume and share of corporate funding to political parties and candidates? Is the volume or share of corporate funding increasing?	# spent per voter % of state funding % of private funding % of membership fees % of all funding received breakdown by party breakdown by candidate % of OECD average per voter
	Is there a risk of capture of some political actors by certain donors?	donor-recipient mapping # and % of funds each party receives from the largest donors % of money received from top ten percent of donors (overall and by party) case studies of top-end outliers
	Is there a risk of capture of some political actors by certain sectors?	sector-recipient mapping

¹¹⁶ Damage may take many forms: undermining democratic processes, weakening governance, slowing economic growth, endangering citizens' lives and well-being, and/or diversion of public financial resources.

		% of sector donations in overall donations, by party, and by candidate % of campaign spending by non-party campaigners from specific sectoral groups case studies of top-end outliers
	How much money is being spent on campaigns? Are campaign expenditures on the rise?	# spent per campaign # spent per voter # spent per voter per campaign # and % spent by non-party campaigners % of OECD average per voter
	What is the role of loans to political parties and candidates in the political process?	# number of loans made # volume of loans made average % interest rate charged and discount rate case studies of high-volume loans
	Have there been any high-profile allegations regarding a suspected breach of the rules that have not been investigated or resulted in any enforcement action by the regulator/police?	expert interviews media reviews case studies
	Are the rules policed appropriately?	expert interviews reports by watchdog groups and international bodies (e.g. GRECO) judicial reviews of enforcement decisions post-factum analysis of past court/regulatory enforcement decisions
Impact	Is there a correlation between the timing of donations, the profile of donors and the outcome of executive or legislative decisions?	case studies

3. LOBBYING

Assessing Vulnerability

What level of vulnerability to this form of corruption does the political, legal, administrative and commercial system generate?

CATEGORY	FACTOR	METRIC(S)
POLITICAL SYSTEM	Do legislators tend to vote on issues individually, rather than as part of unified party blocs?	yes/no
	How high is legislative committees' autonomy from top political leaders' directives?	high/medium/low
LEGAL SYSTEM	Is there a mandatory central registry for lobbyists?	yes/no
	If yes, is the definition of "lobbyist" applied sufficient to cover all lobbying activities that are taking place?	yes/no
	What level of detail is captured in this registry? <ul style="list-style-type: none"> • Do lobbyists have to disclose their clients? • Do lobbyists have to disclose which agencies and/or people they are lobbying? • Do lobbyists have to disclose which specific issues they are lobbying on? • Do lobbyists have to list all of their meetings with regulators, bureaucrats and/or politicians? 	high/medium/low/none
	How strong is the monitoring system for this data?	high/medium/low/none
	Do lobbyists have to report on their income? If yes, in what detail?	high/medium/low/none
	Do lobbyists have to report on total expenditures? If yes, in what detail?	high/medium/low/none
	Are lobbyists allowed to make direct donations to political parties, individual politicians and/or candidates? ¹¹⁷	yes/no
	Are lobbyists allowed to make gifts to individual politicians and/or candidates?	yes/no; ceiling on gift amounts
	Are lobbyists allowed to cover the expenses of political parties, individual politicians and/or candidates?	yes/no; ceiling on expense amounts
	How strong is the monitoring and verification of lobbyists' financial data?	high/medium/low/none
	Do politicians have to disclose all of their meetings with lobbyists?	yes/no
	Do regulators and bureaucrats have to disclose all of their meetings with lobbyists?	yes/no
	Are the laws and rules governing lobbying well understood by lobbyists and/or politicians?	yes/somewhat/no notable gaps
	Are the laws and rules governing lobbying effectively enforceable and enforced?	yes/somewhat/no notable gaps

¹¹⁷ <http://www.commoncause.org/site/pp.asp?c=dkLNK1MQLwG&b=4923163>

ADMIN SYSTEM	Are the lobbyists' records easily comparable with decision-makers' records in order to enable cross-checking?	yes/no
	Are there voluntary instruments governing the supply side of lobbying?	yes/no
	If so, to what extent are these instruments comprehensive, appropriate and effective?	high/medium/low
	If so, to what extent are these instruments comprehensive, appropriate and effective?	high/medium/low
COMMER SYSTEM	What share of large corporations has policies governing their work with lobbyists?	% of corporations
	Do state owned enterprises have policies governing their work with lobbyists?	yes/some/no
	Can shareholders and/or the public access online information on companies' lobbying expenditures?	yes/no

Assessing Damage

How widespread is this type of corruption, and when it happens, how damaging¹¹⁸ is it?

CATEGORY	FACTOR	METRIC(S)
PREVALENCE (frequency)	What is the total volume and trend of lobbying expenditures?	total expenditures by year expenditures per MP
	What is the total number and trend in the number of lobbyists?	# number % increase year-on-year
	What is the total number and trend in the number of individual lobbyist-politician interactions?	total numbers by year % increase year-on-year
IMPACT	Do companies feel the need to engage lobbyists to secure public contracts?	expert interviews; e-Survey
	Is there a link between companies' lobbying expenditures and their winning of public contracts?	statistical analysis
	How frequent are breaches of lobbying laws, regulations and/or ethics?	# media stories # court cases # convictions Estimated actual prevalence and % detection rate
	Which sectors engage most lobbyists?	total per sector; average per sector GDP
	Which companies engage most lobbyists?	total per company; average per company GDP; total per company volume of public contracts
	Which politicians are most targeted by lobbyists?	expert interviews; statistical analysis

¹¹⁸ Damage may take many forms: undermining democratic processes, weakening governance, slowing economic growth, endangering citizens' lives and well-being, and/or diversion of public financial resources.

4. REVOLVING DOORS

Assessing Vulnerability

What level of vulnerability to this form of corruption does the political and legal system generate?

CATEGORY	FACTOR	METRIC(S)
POLITICAL SYSTEM ¹¹⁹	Are a large number of top ministry decision-makers political appointees rather than career civil servants?	yes/no
	Are a large number of top regulatory body decision-makers political appointees rather than career civil servants?	yes/no
LEGAL SYSTEM	Are there laws barring former political decision-makers from immediately accepting work from companies or sectoral groups whose operations they had been able to affect while in public office?	yes/no
	If such laws exist, how strong are they? <ul style="list-style-type: none"> • Duration of 'cooling off' period • Comprehensiveness (coverage, lack of loopholes) • Enforceability in practice 	strong/medium/weak

Assessing Damage

How widespread is this type of corruption, and when it happens, how damaging¹²⁰ is it?

CATEGORY	FACTOR	METRIC(S)
PREVALENCE (frequency)	How widespread is the practice of political 'revolving doors' with regard to lobbying?	% of former parliamentarians now working in lobbyist role ¹²¹ # of former executive or party politicians now working in lobbyist role
	How widespread is the practice of legislators later working in (or for) industries whose operations they had been able to affect while in public office?	# of members of relevant parliamentary committees working in (or lobbying for) related sectors within two years of leaving office
	How widespread is the practice of executive politicians later working in (or for) companies or in industries whose operations they had been able to affect while in public office?	# of ministers and # of heads of regulatory agencies working in (or lobbying for) related

¹¹⁹ The distinction between politicians and civil servants is important in terms of distinguishing between political and administrative corruption as analytical categories. In other contexts, such as a potential project on revolving doors in general, drawing this distinction may be less salient, but could nevertheless help to identify and define key project target groups.

¹²⁰ Damage may take many forms: undermining democratic processes, weakening governance, slowing economic growth, endangering citizens' lives and well-being, and/or diversion of public financial resources.

¹²¹ See here for a useful definition: <http://www.opensecrets.org/revolving/methodology.php>

		sectors within two years of leaving office
IMPACT	Do companies (directly or indirectly) employing former senior politicians manage to secure more public contracts?	expert interviews case studies statistical analysis
	Do industry groups (directly or indirectly) employing former senior politicians manage to secure more favourable legislation?	expert interviews case studies

5. POLITICIZED APPOINTMENTS

Assessing Vulnerability

What level of vulnerability to this form of corruption does the political, legal and administrative system generate?

Note: Politicized appointments may take place at the national, regional and local levels. For example, the Governor of Texas alone makes about 3,000 appointments and re-appointments per four-year term.¹²² Also, in many cases, the metrics below will need to be disaggregated by the type of organization or body involved.

CATEGORY	FACTOR	METRIC(S)
POLITICAL SYSTEM	How many positions in the public sector, SOEs or similar bodies are political appointments de jure?	total # of de jure politically appointed positions
	How many positions in the public sector, SOEs or similar bodies are political appointments de facto (estimate)?	total # of de facto politically appointed positions
	Is there an effective and transparent review or confirmation process for political appointees?	yes/ no
LEGAL SYSTEM	Is it de jure illegal to make appointments on the basis of political ties in... <ul style="list-style-type: none"> • the public sector? • state owned enterprises? • other publicly funded organizations? 	yes/no
	If yes, are these laws enforceable in practice?	% conviction rate in cases brought # of past convictions based on breach of these laws
ADMIN SYSTEM	Do some positions filled by political appointees enable them to later return the favour and reward their patron (individual or party) financially using those positions?	yes/no

Assessing Damage

How widespread is this type of corruption, and when it happens, how damaging¹²³ is it?

CATEGORY	FACTOR	METRIC(S)
PREVALENCE (frequency)	Is there a clear link between political donations and later appointments?	# and % of appointees who were donors
	What percentage of board members and executives in state owned enterprises are (former) politicians or major donors?	% politicians % donors

¹²² <http://www.followthemoney.org/press/ReportView.phtml?r=451>

¹²³ Damage may take many forms: undermining democratic processes, weakening governance, slowing economic growth, endangering citizens' lives and well-being, and/or diversion of public financial resources.

	Is there empirical evidence of appointments based on political affiliation?	% turnaround in appointed positions after changes in power ¹²⁴ ratio of appointees from own party to appointees from rival parties
IMPACT	How does the competence of political appointees compare with that of career officials?	civil service surveys SOE valuations case studies
	What is the total number of people managed and/or overseen by political appointees <ul style="list-style-type: none"> • the public sector? • state owned enterprises? • other publicly funded organizations? 	# people
	What is the total amount of funds managed and/or overseen by political appointees <ul style="list-style-type: none"> • the public sector? • state owned enterprises? • other publicly funded organizations? 	total volume
	To what degree do political appointees wield substantive decision-making powers?	high/medium/low
	Is there a link between political appointments in SOEs and later political donations by SOEs?	case studies

¹²⁴ Compared to 'normal' years.

6. CIVIL SERVICE FAVOURITISM

Assessing Vulnerability

What level of vulnerability to this form of corruption does the political, legal and administrative system generate?

CATEGORY	FACTOR	METRIC(S)
POLITICAL SYSTEM	Is political competition organized around strong and entrenched (long-established) political parties?	yes/no
	How prominent are civil servants in the total workforce?	# of civil servants % of total workforce
	Are civil servants allowed to be members of political parties? ¹²⁵	yes/no
	Are civil servants allowed to hold political party positions?	yes/no
	Are civil servants allowed to actively engage in party politics? ¹²⁶	yes/no
LEGAL SYSTEM	Is it de jure illegal to consider civil servants' political allegiances when deciding on promotions?	yes/no
	If such promotions are illegal, are these laws enforceable in practice?	# of court cases brought % conviction rate
	Is data on civil servants' party membership publicly accessible (to enable monitoring and analysis)? ¹²⁷	yes/no
ADMIN SYSTEM	Are there effective mechanisms for challenging and annulling politically motivated promotions?	# of annulments of promotions
	Are there effective whistleblower mechanisms for civil servants?	yes/no
	Are these whistleblower mechanisms widely known and trusted by civil servants?	e-Survey; # of incidences
	Are the procedures governing civil service promotion transparently applied?	yes/no

Assessing Damage

How widespread is this type of corruption, and when it happens, how damaging¹²⁸ is it?

CATEGORY	FACTOR	METRIC(S)
PREVALENCE (frequency)	Is there empirical evidence of civil service promotions based on party political affiliation?	ratio of % of ruling party members promoted versus % of others promoted; average time span between promotions for

¹²⁵ There are possibly political rights issues at stake here. Difficult issue.

¹²⁶ In some cases, a simple yes/no split may not be applicable. In Ireland, legal restrictions on civil servants' political affiliation and engagement vary with civil service rank.

¹²⁷ There are possibly political rights and even data protection issues at stake here. Difficult issue.

¹²⁸ Damage may take many forms: undermining democratic processes, weakening governance, slowing economic growth, endangering citizens' lives and well-being, and/or diversion of public financial resources.

		members of different parties
	Is there anecdotal evidence of civil service promotions based on party political affiliation?	media review; review of blogs and chat for a
	Do civil servants feel the need to align themselves with political parties to gain promotions?	# and % of civil servants who change party membership after changes in power ¹²⁹
IMPACT	What is the impact on civil service impartiality?	expert interviews
	What is the impact on competence levels within the civil service?	expert interviews; e-Survey
	What is the impact on civil servants' morale?	review of resignation letters' contents; staff turnover figures in election years; e-Survey; setting up anonymous online chat forum

¹²⁹ Compared to 'normal' years. For example, numerous civil servants in the German foreign ministry changed their party membership from FDP to Green Party after the government changed in 1998; the new minister was from the Green Party.

ANNEX I: TACKLING GRAND POLITICAL CORRUPTION

This annex provides three broad recommendations for tackling grand political corruption:

1. Use the media to shift norms and counter power
2. Expand the TI toolbox
3. Embrace ambiguity

1. USE THE MEDIA TO SHIFT NORMS AND COUNTER POWER

Engagement with the media will be key to successfully tackling grand political corruption. There are several reasons for this:

Watchdog support. Due to declining funding, investigative journalism is a dying profession, with no improvement in sight. *If TI truly wants to tackle grand political corruption, preventing the most effective watchdog on the block from disappearing would be a good start.* TI should explore possible ways of proactively collaborating with the media, in particular with investigative journalists.

TI-S should:

- host a debate about how the global decline in investigative journalism will affect anti-corruption struggles in the medium and long term, with the participation of media experts and journalists¹³⁰
- engage in a dialogue with media professionals about possible future forms of cooperation
- study the experiences of other organizations (possibly including some NCs) in providing grants to teams of investigative journalists

Note: Many of the instances of grand political corruption cited in this paper would never have come to light without the efforts of investigative journalists.

Awareness raising. Media coverage of grand political corruption is very low compared to the damage it causes. As long as voters remain in the dark about ongoing abuses of power, they will not demand reforms. TI needs to raise public awareness of the prevalence, scope, scale and damage of grand political corruption through the provision of basic facts, figures and analyses to the media. The key challenge will be to package this information to make it interesting to journalists and their audiences.

Changing attitudes. The media plays a central role in shaping and changing public attitudes. TI's work on grand political corruption should always include systematically fostering the emergence of social norms that progressively raise the bar on probity in the political arena, gradually shifting more and more 'grey zone' practices (legal but ethically questionable) firmly into the 'black zone (illegal and/or socially unacceptable). This can only happen through the media. When social norms change in a democracy, laws tend to eventually follow suit – bribery of foreign officials is a classic example.

Countervailing power. Those involved in – and benefiting from – grand political corruption are typically powerful. TI cannot hope to overcome entrenched resistance to change by vested interests without powerful allies. In established democracies, one of the most powerful potential allies is the electorate, which can only be effectively reached through the media.

¹³⁰ The book "Newsonomics" provides a good primer on the progressive decline of journalism. The author concludes that in future, real investigative journalism will only be able to survive if it is supported by grants:

<http://www.amazon.com/Newsonomics-Twelve-Trends-That-Shape/dp/0312598939>

For an interesting discussion on accountability in non-profit journalism, see here:

<http://www.netnewscheck.com/article/33099/greater-scrutiny-for-nonprofit-news>

Note that newspapers that maintain investigative teams already cross-subsidize these internally.

Mandate. Many of the corruption types listed here cannot be meaningfully discussed without naming specific high profile political figures in the process. TI's charter bans the network from investigating individual cases of corruption, but experience shows that once journalists have been alerted and put on a trail, they often independently follow it to the end.¹³¹ At times, only a scandal and the resulting public outcry can generate the momentum required to bring about fundamental reforms – TI is not in the scandal-mongering business, but the media most certainly is.

Deterrence. The media has the power to bring a politician in front of the court of public opinion, even when he or she cannot be tried and convicted in a legal court. Similarly, consumers can – and sometimes do – boycott corporations whose behaviour is branded as unethical by the media. This dynamic can act as a powerful deterrent to malfeasance.

2. EXPAND THE TI TOOLBOX

TI must look beyond desk-based legal analyses to also include more 'hands-on' approaches including qualitative interviews, financial tracking, and domain-specific case studies in order to effectively tackle grand political corruption.

The tools presented above purposefully distinguish between "vulnerability" and "damage" in order to highlight that these are two interlinked but nevertheless separate concepts. A chicken farm that is not fenced in is vulnerable to foxes, but there may be no damage actually being caused by foxes – maybe there are no foxes in the neighbourhood, or they are vegetarian, or they have not discovered the farm yet, or they are busy raiding the slaughterhouse while we are focusing on the farm!

The TI movement has an excellent track record in assessing vulnerability, partly because such assessments can often be made on the basis of objective and readily available information such as laws and regulations, partly because the approach works extremely well with regard to bureaucratic corruption. In order to prioritize entry points for action against grand political corruption, TI will need to start focusing more on the damage actually caused, which is typically very hard to estimate, impossible to quantify, and usually involves a lot of qualitative field research.

The uses of cookie-cutter analyses and boilerplate legal remedies are very limited where grand political corruption is involved. Established democracies vary greatly not only in terms of their formal political systems, but also in terms of political culture, informal rules, social norms, and citizens' expectations of their representatives. What is seen as normal and acceptable in one country may cause a political scandal in the next, irrespective of the legal framework. Norms and behaviours may matter more than the letter of the law (which those with great power are excellent at legally circumventing in ingenious ways). In some cases, the crucial factor may simply be the personal motivations and relationships of a few very highly placed decision-makers.

¹³¹ For an excellent example, see here:
http://news.bbc.co.uk/1/hi/uk_politics/937232.stm

3. EMBRACE AMBIGUITY

Not all forms of grand political corruption are illegal, and many are situated in ethical grey zones. The boundaries of what constitutes “corrupt” behaviour is defined not only by legal constraints and non-binding codes of conduct, but also by wider social norms. The latter include fuzzy notions such as “acceptable behaviour” and “the perceived common good” that may not be equally interpreted by all groups within a polity, are continually contested, and tend to change over time.

Two examples illustrate this ambiguity:

- **Lobbying** in and of itself is not only legal but perfectly legitimate, and an integral part of the democratic process, but many lobbying activities push or even cross the boundaries of what is legal – and of what is considered acceptable by many citizens. Where exactly these boundaries lie is hotly contested, and will probably remain so as long as democracies exist.
- **Pork barrel politics** may or may not be conceptualized as political corruption depending on the prevailing political culture and social norms within a country. When a defence contractor in the US spreads production for a large government fighter jet contract over multiple states and constituencies in order to build continual political support for the programme, this could either be seen as a wilful corruption of the democratic process aiming at the diversion of public goods to private ends, or as a positive example of the way in which a mature democracy has the tendency to allocate public goods in ways that spread benefits such as government-generated employment over a wide range of the electorate.

TI should avoid adopting a narrowly legalistic approach to defining grand political corruption and actively embraces this ambiguity, for five reasons.

1. First and foremost, political actors have the power to legislate which of their actions are legal and which are not, creating a clear conflict of interest; as a watchdog organization, TI should monitor to what extent such laws safeguard accepted democratic norms and reflect wider social expectations.
2. Some of the most damaging forms of grand political corruption are often legal or semi-legal.
3. Existing laws are often reviewed and changed. TI should not exclude itself from debates about which dubious political practices should be criminalized, and how.
4. Social norms inevitably change over time. Thus, TI’s work should include fostering the emergence of social norms that progressively raise the bar on probity in the political arena.
5. TI’s organizational setup enables each National Chapter to base its engagement on the normative landscape in its own country; this is a core TI strength that ideally positions TI as a movement to tackle grand political corruption across different settings.

Ambiguity may sometimes work in TI’s favour. When a low-level bureaucrat or a small businessman commits an act that is widely seen as immoral even though it is legal, or even an act that is illegal but where there is not sufficient evidence to bring a case to court, anti-corruption efforts have reached a dead end. However, politicians are judged by the electorate as well as by legal professionals. As citizens are likely to evaluate politicians’ behaviour on moral as well as legal terms, politicians can be effectively punished by removal from office (through forced resignation or the ballot box) even when their acts were technically legal or conclusive proof of law-breaking cannot be obtained.

ANNEX II: DEFINITIONS OF POLITICAL CORRUPTION

No generally accepted definition of what constitutes “political corruption” exists.

COMMON DEFINITIONS OF CORRUPTION

In order to approach the task of defining political corruption, it is useful to first review commonly cited definitions of corruption in general. Corruption is variously defined as:

- “the abuse of entrusted power for private gain” (TI)
- “behaviour which deviates from the formal duties of a public role because of private regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence” (Colin Nye)
- “behaviour that deviates from the formal rules of conduct governing the actions of someone in a position of public authority because of private-regarding motives such as wealth, power, or status” (Mushtaq Khan)

These definitions do not adequately capture all forms of what is commonly understood to be political corruption. The abuse of power by an individual to secure donations to his political party does not match TI’s criterion of “private gain”, Nye’s definition hinges on “formal duties” and “rules” and is thus narrowly legalistic (thus excluding the possibility that laws themselves may have been skewed by corrupt law-making), and Khan’s definition falls short on both counts.

DEFINITIONS OF POLITICAL CORRUPTION

Existing definitions of political corruption vary widely. In the extracts (not always verbatim) below, salient features of each definition are underlined.

The TI website defines political corruption as follows:

Corruption can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs. Grand corruption consists of acts committed at a high level of government that distort policies or the central functioning of the state, enabling leaders to benefit at the expense of the public good... Political corruption is a manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth.

http://www.transparency.org/whoweare/organisation/faqs_on_corruption#defineCorruption

Other definitions include:

Political corruption takes place at the highest levels of the political system, and hence it can be differentiated from administrative or bureaucratic corruption. Political corruption can be of two forms. The first one includes both accumulation and extraction from the private sector, from government revenues, and from the economy at large. The second form of political corruption is one in which extracted resources (and public money) are used for power preservation and power extension purposes. This includes a favouritist and politically motivated distribution of financial and material inducements, benefits, advantages, and spoils. (Wikipedia)

<http://definitions.uslegal.com/p/political-corruption/>

Political corruption is when political decision-makers use the political power they are armed with, to sustain their power, status and wealth. Political corruption not only leads to the misallocation of resources, but it also affects the manner in which decisions are made. Political corruption is the manipulation of the political institutions and the rules of procedure. Political corruption is when laws and regulations are abused by the rulers, side-stepped, ignored, or even tailored to fit their interests. Favouritism is related to corruption insofar as it means power abuse in the form of a corrupted (undemocratic, "privatised") distribution of resources, whereas corruption strictly defined is about the accumulation of resources. (CMI)

<http://www.cmi.no/publications/1999/wp/wp1999-7.pdf>

The misuse by government or political officials of their governmental powers and resources for illegitimate, usually secret, private gain. (IMF)

<http://stats.oecd.org/glossary/detail.asp?ID=7290>

Political corruption not only leads to the misallocation of resources, but it also perverts the manner in which decisions are made. (U4)

<http://www.u4.no/glossary/>

High level or "grand" corruption takes place at the policy formulation end of politics. It refers not so much to the amount of money involved as to the level in which it takes place: grand corruption is at the top levels of the public sphere, where policies and rules are formulated in the first place. (Elaine Byrne)

<http://elaine.ie/2009/07/31/definitions-and-types-of-corruption/>

Corruption diminishes the impact of voting by breaking the principal-agent relations essential to democratic representation. Corruption in a democracy is a form of exclusion (a violation of the norm of empowered inclusion of all affected) that also involves duplicity (the excluded have a claim to inclusion that is both recognized) and harm towards those excluded (and benefits for those included). (Mark Warren)

http://www.politics.ubc.ca/fileadmin/user_upload/poli_sci/Faculty/warren/Warren - Meaning of Corruption in Democracies - Corruption Handbook Draft 1.pdf

The definition of political corruption partially hinges on publicly held norms. However, the norms held by different classes, ethnicities and communities within a polity may differ. This raises the questions of whose norms count.

<http://projects.iq.harvard.edu/files/gov2126/files/philcorruption.pdf>

Citing a compelling interest in combating a "different type of corruption in the political arena: the corrosive and distorting effects of immense aggregations of wealth that are accumulated with the help of the corporate form and that have little or no correlation to the public's support for the corporation's political ideas", the US Supreme Court redefined political corruption to include deviations from an idealized vision of democratic representation in 1990 with reference to political financing; this ruling was overturned in 2010.

<http://heinonline.org/HOL/LandingPage?handle=hein.journals/byujpl10&div=6&id=&page=>

http://en.wikipedia.org/wiki/Citizens_United_v._Federal_Election_Commission

Corruption is whenever a power-holder is by rewards not legally provided for induced to take actions which favour whoever provides the rewards and thereby does damage to the public and its interests. (Carl Friedrich)

<http://projects.iq.harvard.edu/files/gov2126/files/philcorruption.pdf>

Corruption is the abandonment of expected standards of behaviour by those in authority for the sake of unsanctioned personal advantage. (Michael Pinto-Duschinsky)

<http://www.ifes.org/~/media/Files/Publications/Money%20and%20Politics/Research%20and%20Publications/Reports%20and%20Papers/English/Political Integrity Introduction English.pdf>

Political corruption is a deviation from, or breach of, an idealised process of legitimisation or use of power in democratic society. It can either be a breach of laws designed to uphold that ideal and/or a deviation from informal norms and values that support it. (Steve Goodrich)