On Corruption Measurement 'Futures'

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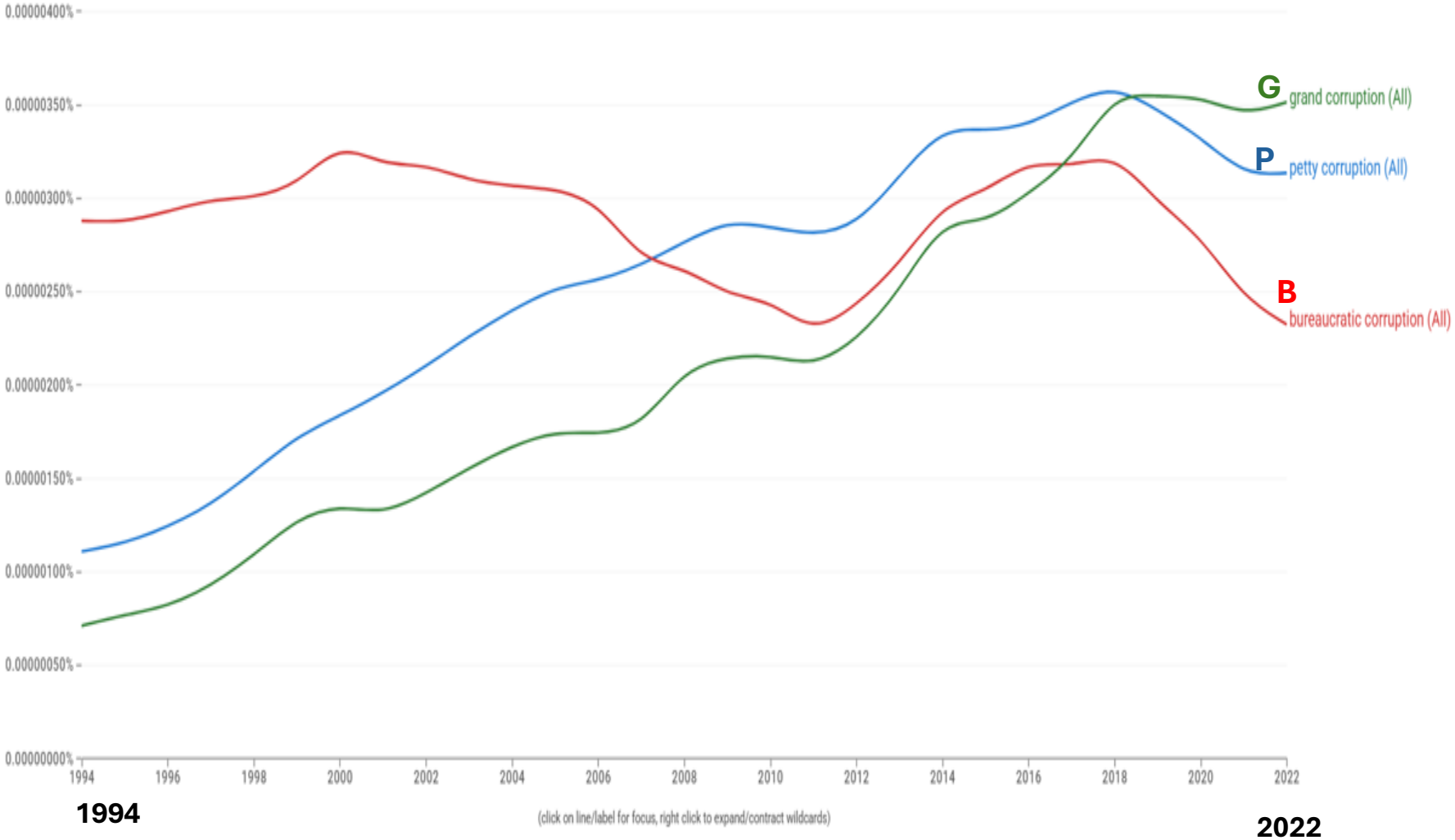
"Futures": speculative exploration of future possibilities, embracing uncertainty about pathways and final destiny

- **Data Fundamentals – *past to present informs***
- **Yet non-linear tipping points do happen…**
- **Concept, Index & Findings of State Capture**
- **Corruption measurement within the governance eco-system: *the 'Chain' – upstream to downstream***
- **Challenges in the 'Corruption Measurement Chain' & possible responses/innovations ahead**
- **Concluding reflections for discussion**

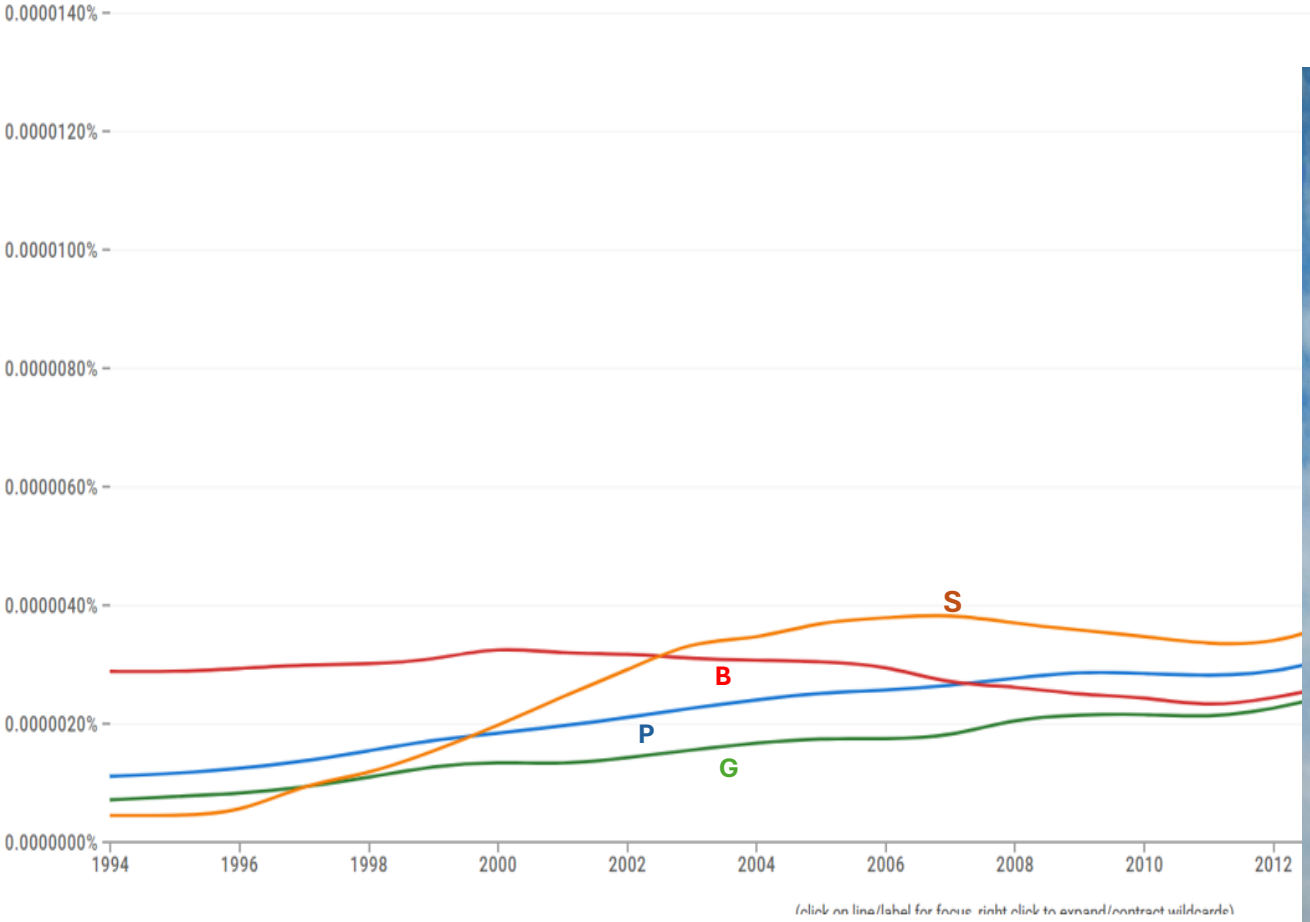
Past Corruption Typologies: Bureaucratic, Petty & Grand Corruption -- *Literature Prevalence (N-Gram 1994-2022)*



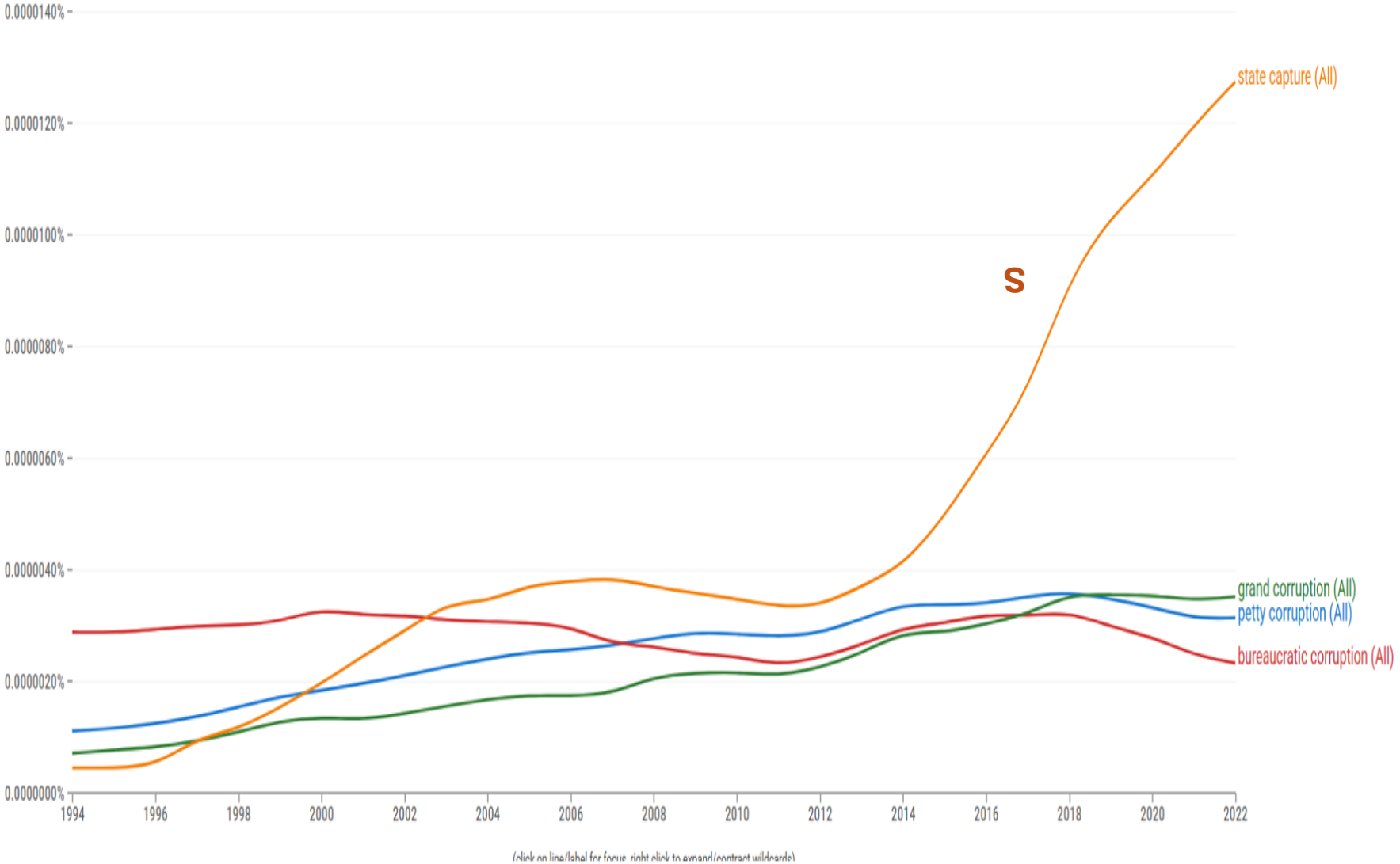
1994

2022

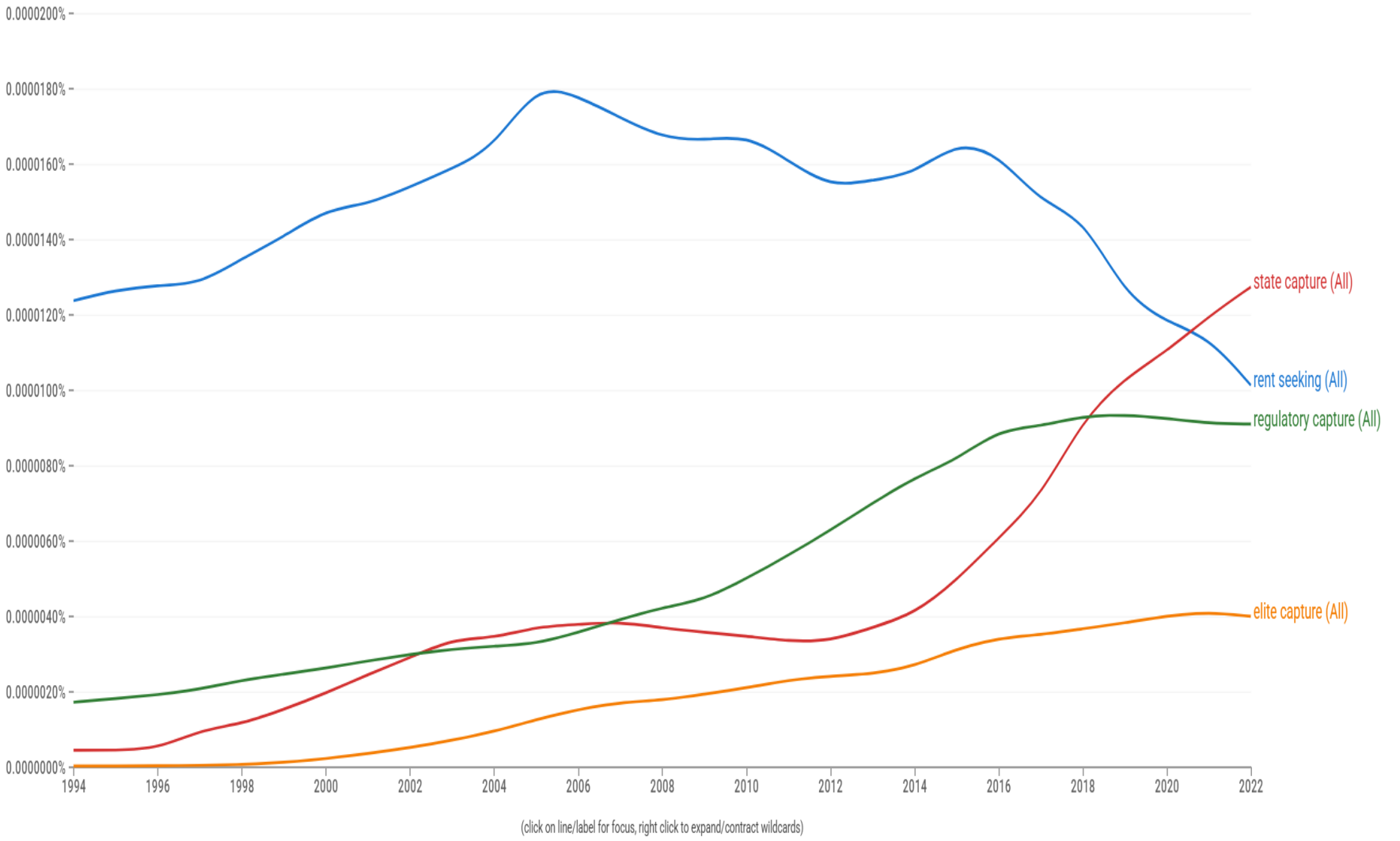
Same 3 Corruption Typologies, + State Capture -- *Literature Prevalence (N-Gram 1994-2012)*



Corruption Typologies, + State Capture -- *Literature Prevalence (N-Gram 1994-2022)*



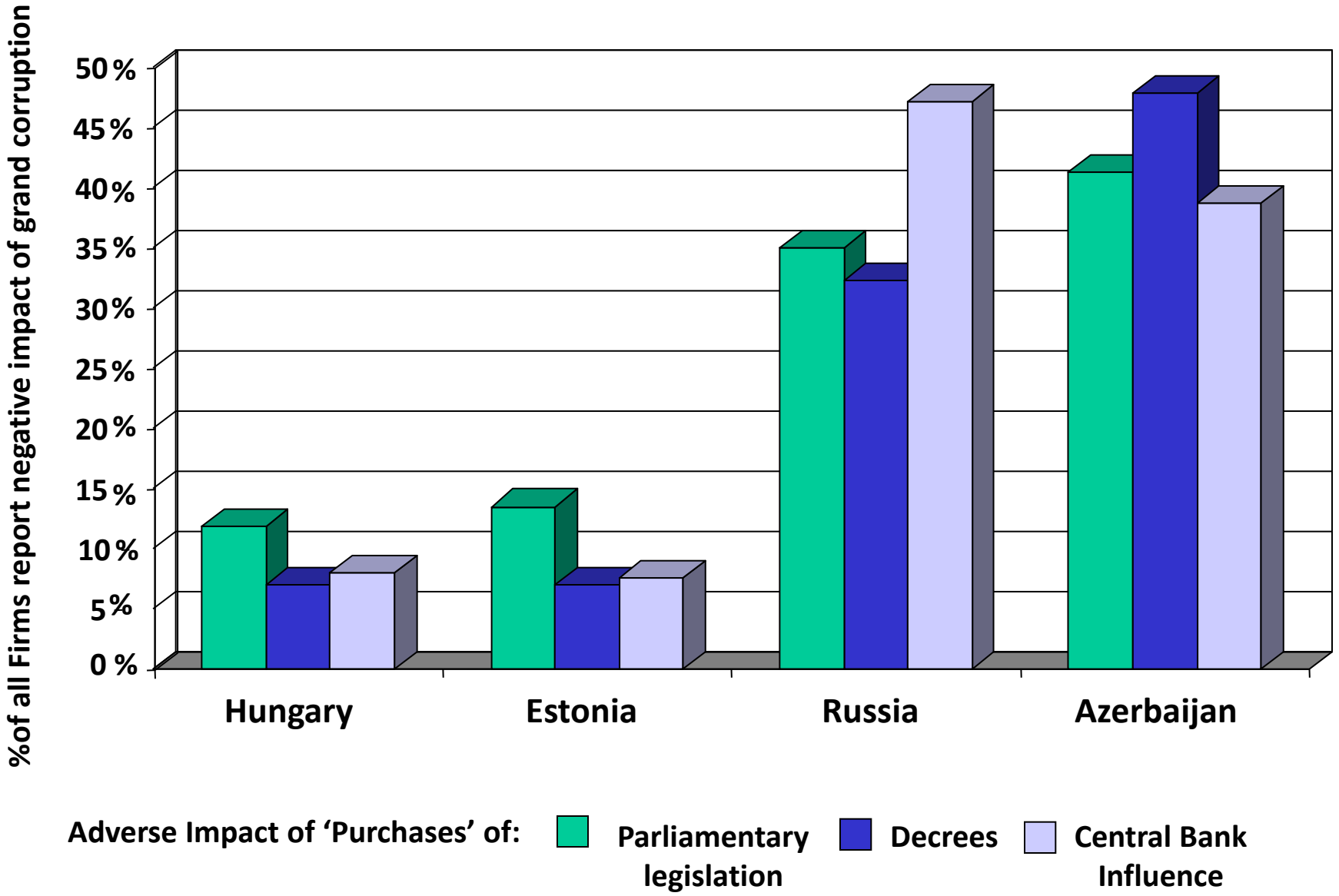
Rent-seeking and Capture Typologies -- *Literature Prevalence (N-Gram 1994-2022)*



State Capture – w*hat are we talking about?*

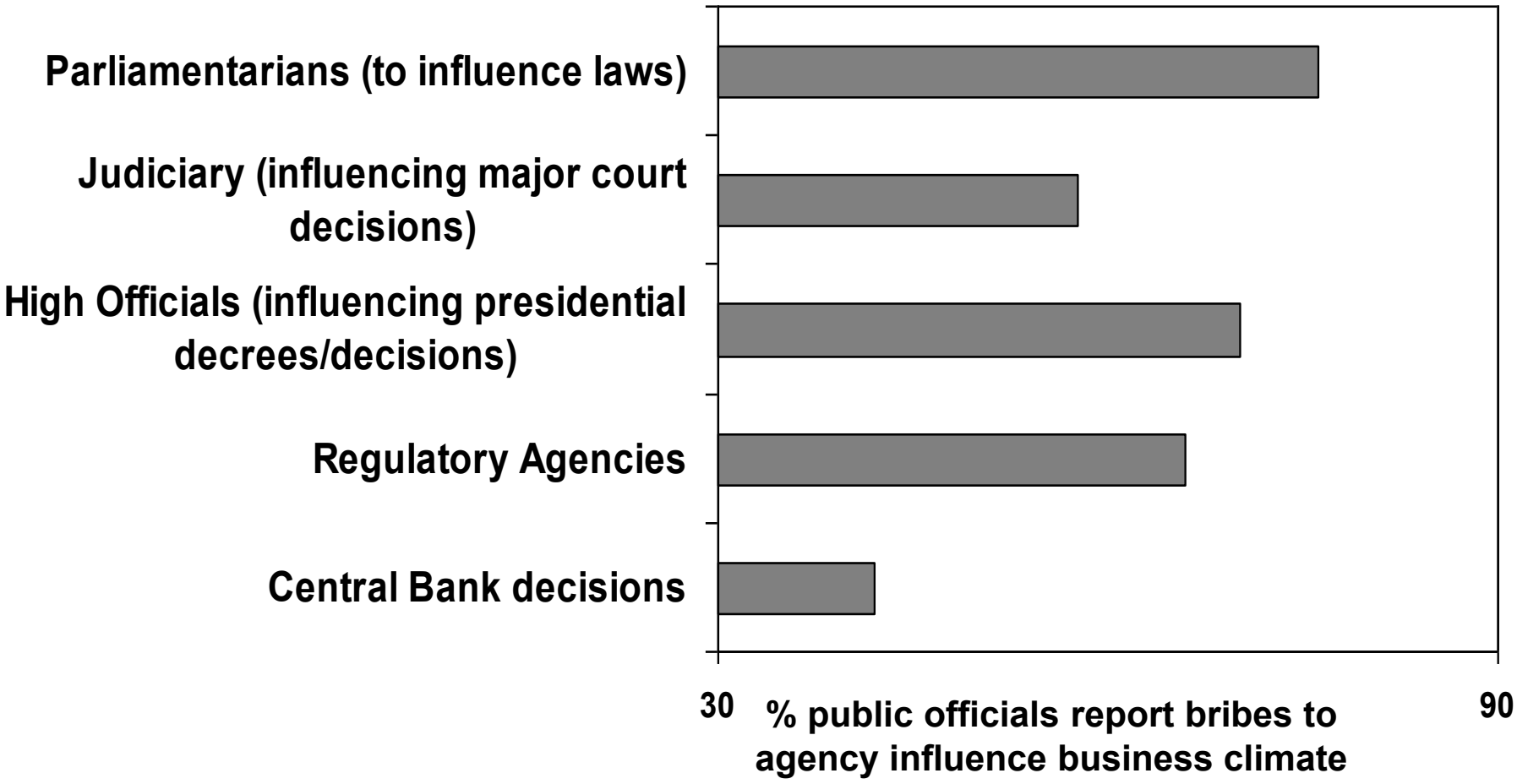
- ***Contrast*** **-- Traditional notion of Administrative Corruption as acts in the *Implementation of the pre-set Rules of the Game, vs.* State Capture = *Shaping of the Rules of the Game (incl. Institutions, budget) by the Economic & Politically Influential,* at the expense of the public good**
- **The focus shifts away from a 'corrupt public servant' to the economic & politically influential 'captor': it can be *a powerful non-state actor, or a politician, or both colluding***
- **State Capture can be Legal, by design (even if far from ethical)**
- **Related to acute Inequality of Influence by the few**
- **A fundamental driver of socio-economic and political outcomes *(vs. corruption – more often a symptom or intermediator)***
- **Rethink of corruption definition*: from 'abuse' to 'privatization'***

‘Seize the State, Seize the Day’ Research on Capture, 1999-2000: Differences in Transition Countries on the Extent of State Capture

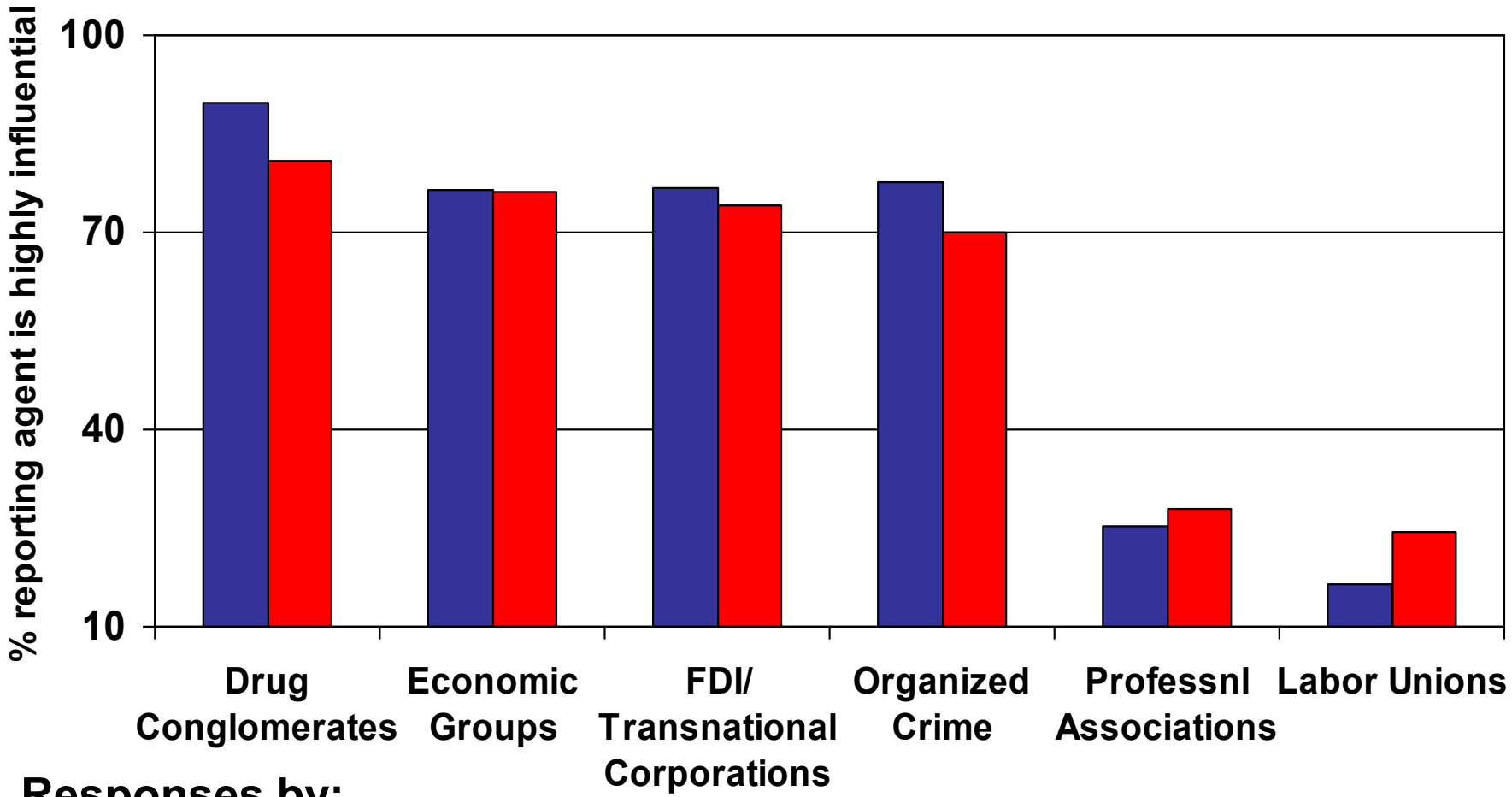


Colombia: Targets of "State Capture“ -- unduly influencing laws and regulations *(as reported by public officials, 2001)*

Capture by Vested Interests of:



Peru: Who Captures the State? (2000)



Based on governance diagnostic surveys of public officials and enterprises

Basic Framework to Assess State Capture:
Law, Polity & Policy, Enabling Environment

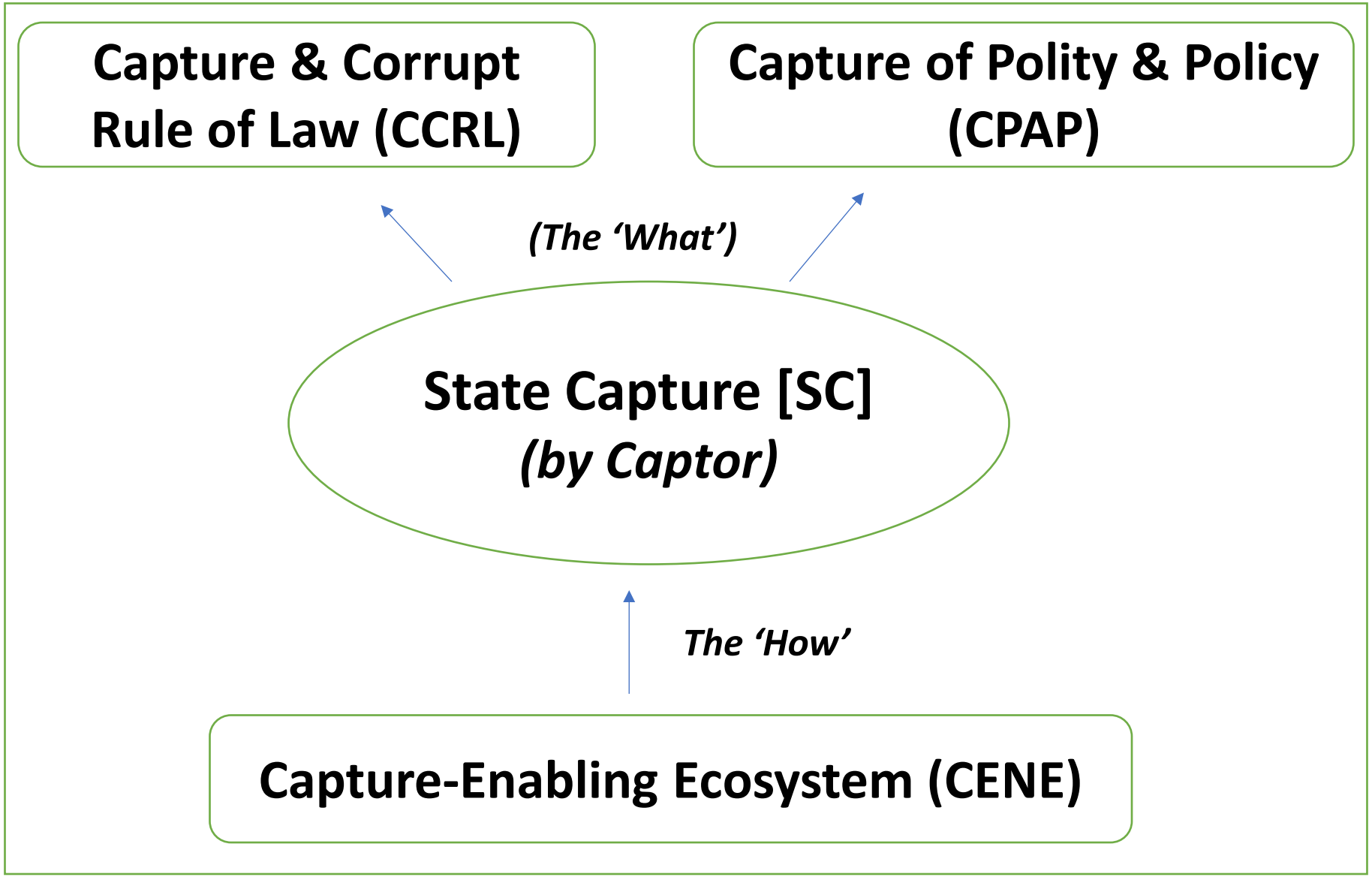
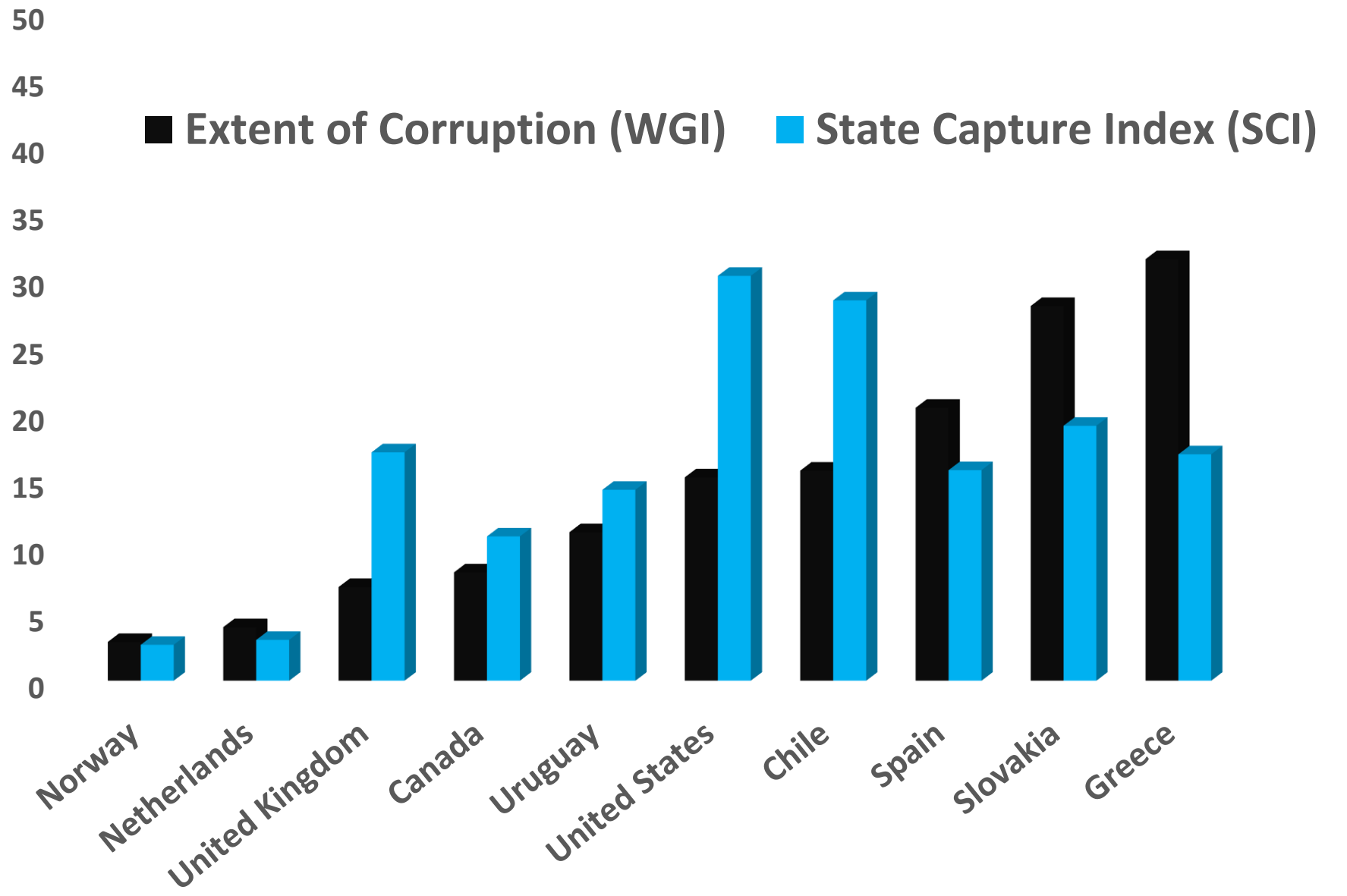


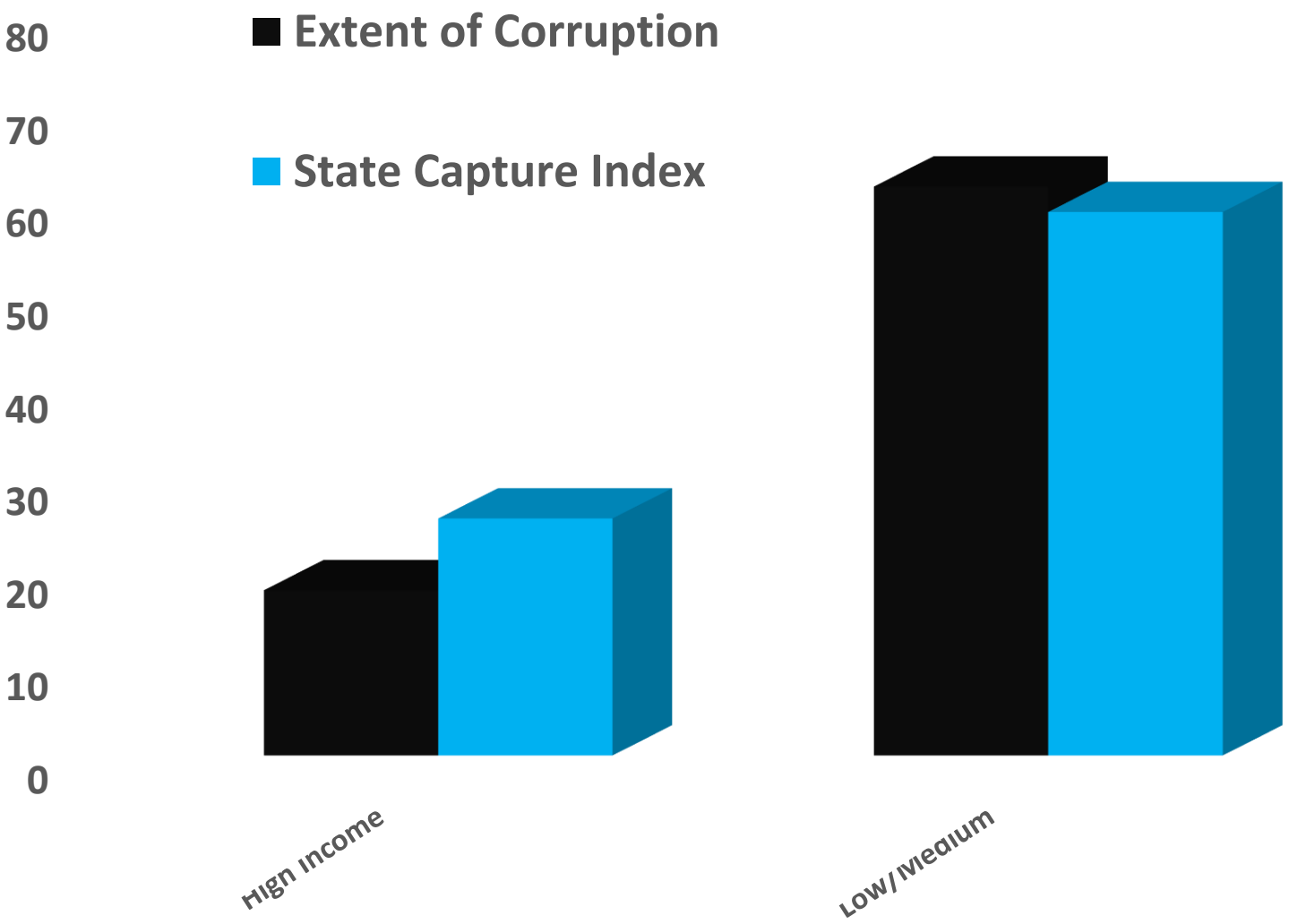
Table 1 **SCI: Components, Variables, Sources & Country Coverage***

SCI Component and Sources	Components and Variables	No. of countries at source
1. CCRL	**Captured & Corrupt Rule of Law**	
Source: V-Dem	1a. Legislature corruption	176
	1b. High level Judiciary corruption	176
	1c. High Court lack of Independence	176
	1d. Top/High level Corruption in Executive	176
	1e. Media corruption	176
2. CPAP	**Captured Political Access and Public Goods**	
Source: V-Dem	2a. Power distributed by Socioeconomic position	176
	2b. Disclosure of Campaign Finance	176
	2c. Election Vote buying	176
	2d. 'Captured' (particularistic) 'Public Goods'	176
	2e. Policy Reform Justification by Political Elite	176
	2f. Range of Consultation	176
3. CENE	**Capture Enabling Environment**	
Source: WGI	3a. Lack of Voice & Accountability	208
	3b. Lack of Rule of Law	211
	3c. Lack of Regulatory quality	211
	3d. Extent of Corruption	211
Source: WID	3f. Top 1% income distribution	172
	3g. Top 1% wealth distribution	170
	3h. Top 0.1% income distribution	172
	3d. Top 0.1% wealth distribution	170

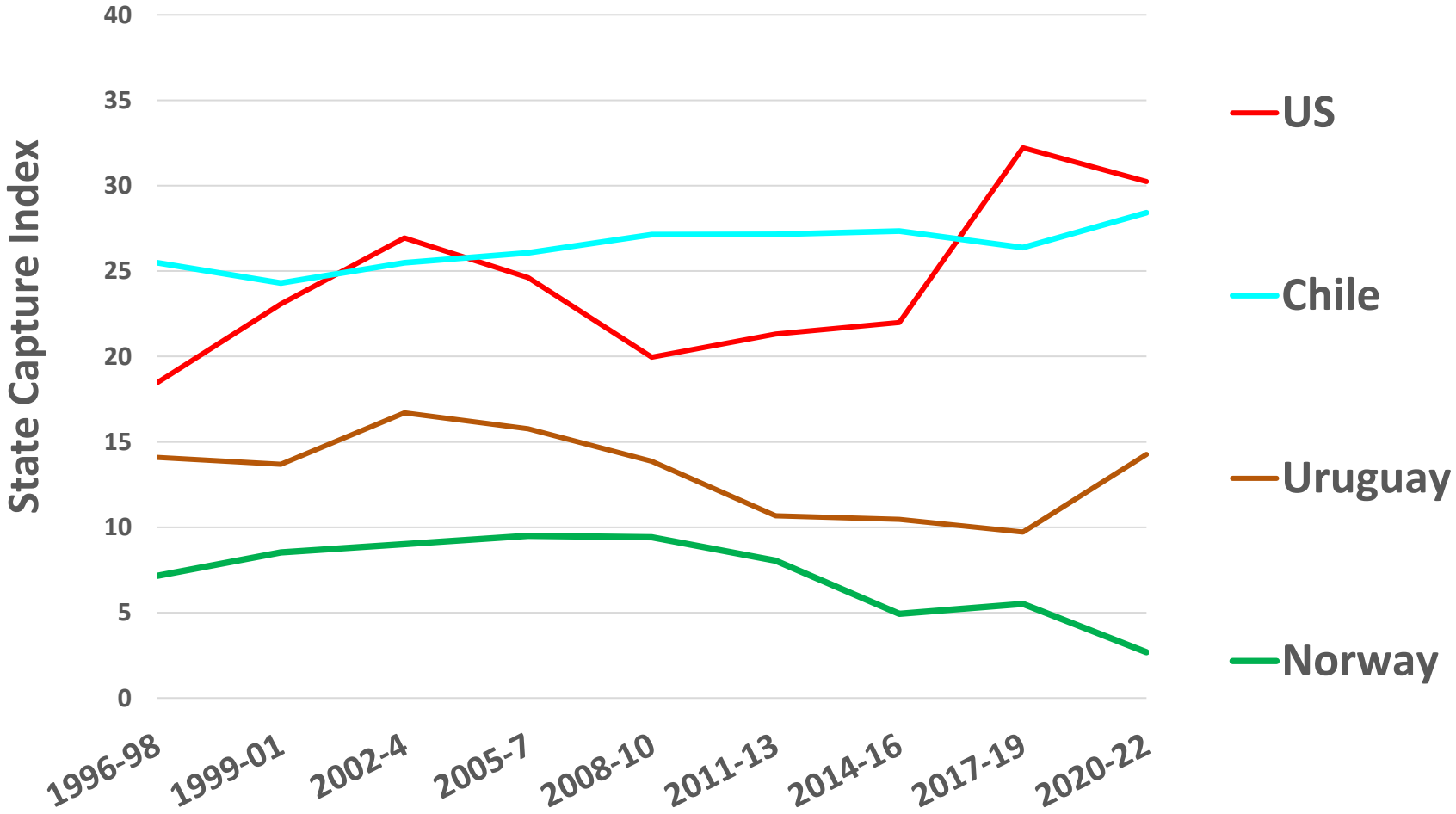
Extent of Corruption vs. State Capture (2020-2022): *Countries in OECD*



Extent of (traditional) Corruption (WGI) vs. State Capture Index (SCI) for High Income and Low/Medium Income Countries (2020-22 period)



Evolution of State Capture, selected countries: 1996-2022



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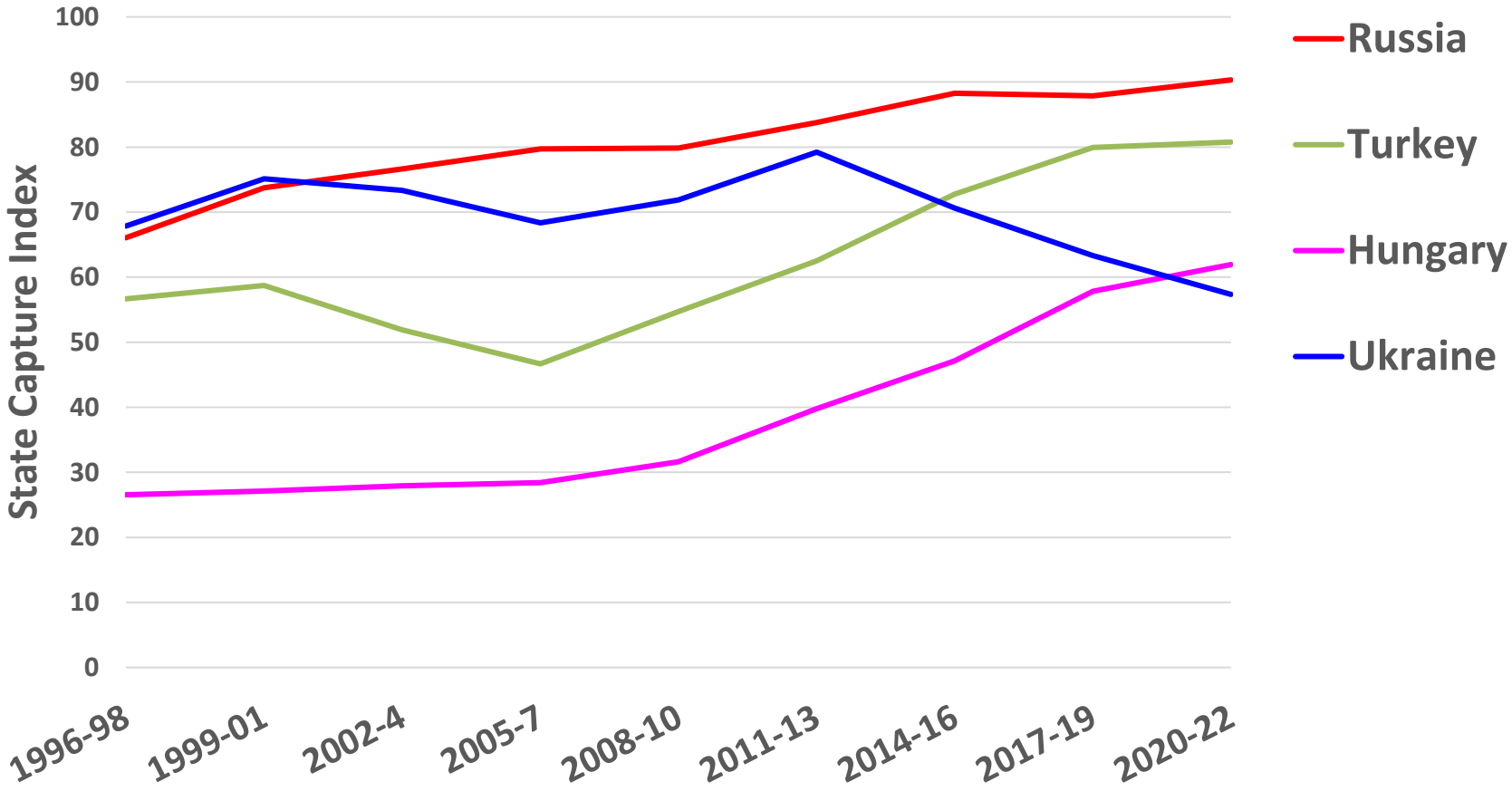
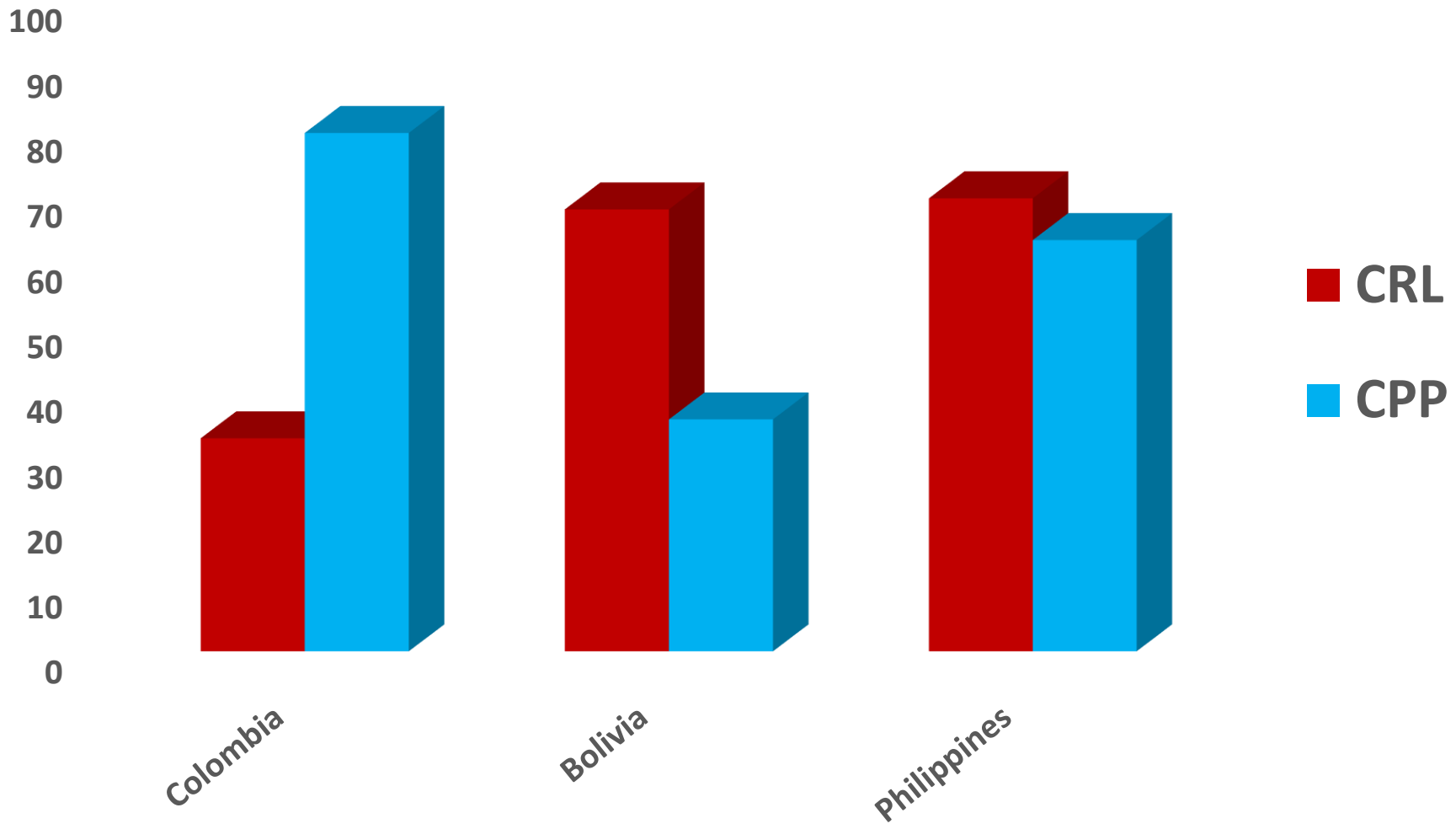


Source: Authors' calculations based on the ongoing construction of the SCI, September 2023 Initial draft not for circulation.

Unbundling: manifestations & Extent of State Capture differ across countries

Capture of Rule of Law (CRL) vs. of Polity & Policy (CPP) in select countries



State Capture can be confined or broad in scope. *Dire societal consequences*

Scope: 5 broad pillars which are capture targets –

1. **Constitutional/Rule of Law (parliament, High Court, Intel..)**
2. **Economic Policy/Administrative *(Public finances [budget/ tax], Central Bank, civil service, regulatory agencies, etc.)***
3. **Dismantling Anti-Corruption/AML framework (norms & laws)**
4. **Cultural/Informational *(incl. media; AI; narrative/ cognitive)***
5. **Transnational & Sectoral *(incl. Natural Res., finance, trade)***

Dire Consequences:

- **Huge Socio-Economic & Developmental Costs: *likely a multiple of the cost of traditional corruption***
- **Undermining of civil and political rights**

Paths to Prevention of State Capture

I. Contextual elements to develop strategies to prevent state capture -- *recognizing universality & country differences:*

- **'Early warning system': *diagnostic tools, red flags, data***
- **Probing into Inequality of Influence: *who wields inordinate hold on power & influence; what is direction of travel?***
- **Main *vulnerabilities* vs. areas of *institutional strength for* leveraging checks & balances and entry points**
- **Multi-stakeholder participation: government + civil society, & role of industry/financial sector also key.**

II. Specific Areas for diagnostic

1. **Public Access in Norm-Producing Process**
2. **Regulatory & Oversight Mechanisms**
3. **Electoral Process and Political Engagement Standards**
4. **Information, Transparency & Technology Integration**
5. **International, Systemic and Sectoral areas and reforms**

‘Corruption Measurement Chain’
(towards framing future measurement innovations)

Chain Stage (*in descending order in the ‘Corruption Chain’*)	
1 Fundamental Drivers (Inequality of Influence; State Capture; History)	
2 Proximate Causes (Red Flags; opacity; non-meritocracy), and Risk Mitigation (‘A-C’)	
3 Actual Corruption (procurement bribery; stolen state assets)	
4 Outputs (service delivery; infrastructure, AML; macro-financial/*LTR/bonds premia*)	
5 Outcomes [ultimate/development] (economic inequality/growth/security)	

Issues & Futures in the 'Corruption Measurement Chain'

Chain Stage	Issues	'Futures'
1 Fundamental Drivers	Corruption just 1 possible result. Indirect.	Measure fundamental drivers. Truth in labeling. SCI, Crony bias, other
2 Proximate Causes (and mitigation)	Indirect. Linkage varies by country. Red flags. Actionable ≠ Action-worthy.	Distinguish A-C vs C-measures. Truth in labeling. Control groups.
3 Actual Corruption	Unobservable. Proxy. Respondent biases. Mis-Perceptions on P.	Framing within governance Survey innovations. AI/ICJ. Diagnostics. Margins Error.
4 Outputs	Indirect (in reverse). Linkage varies by country.	Causality research. Reframing case for A-C/C measurement work.
5 Outcomes	Uncertain attribution	Causal determinants of ultimate outcomes. Cost.

Reflections for debate on 'Futures'

- **In governance & corruption realm, traversing from 'soft' to 'hardcore" realm: *possible tipping point?* → *revisiting understanding (& definition) of corruption***
- **Taking State Capture seriously – better methods & measures. *Indirect language included…***
- **Transparent & precise about imprecision in each measure in governance – margins of error in de jure, de facto, subjective or 'hard' data. *Innovations to mitigate imprecision and biases.***
- **Collective Action on in-depth country diagnostics for prevention strategies – macro/mezzo/micro-org**
- **Multi-stakeholder & inter-disciplinary *(incl. psych/stat off.)***
- **Focus, Acceleration & Audacity // *-- Thanks!***